

السؤال الأول



EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

JAPAN  
Troop deployment  
ends in absurdity  
Page 4

FT No. 31,299

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Friday November 9 1990

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## World News

### Concession to Poland by Kohl speeds border treaty

German Chancellor Helmut Kohl, in a significant concession to Poland, has agreed to an early signing of the German-Polish treaty recognising their 1945 Oder-Neisse frontier as final. Page 2; Gorbachev visit, Page 20

### Albanian reforms

President Ramiz Alia of Albania has proposed sweeping constitutional reforms to dilute the Communist party's monopoly on power and lift a 1987 ban on religion.

### Nato chief's visit

Nato's top military commander, General John Galvin, will visit Moscow next week, the first such trip since the western alliance was founded more than 40 years ago.

### Irish poll surprise

Dublin barrister and mother-of-three Mary Robinson looks certain to become Ireland's first woman president against all the odds. Page 2

### Arms sales down

French sales of weapons abroad halved in 1989 from previous years and are still falling, the Paris daily Le Monde said.

### Terrorist charge

A 39-year-old unemployed Leningrad man arrested after two shots were fired during Wednesday's Revolution Day parade in Moscow is to be charged with attempting to carry out a terrorist act.

### Tehran violence

Police quelled fighting between rival factions in Iran's clerical leadership and many people were hurt, a Tehran newspaper reported. It said violence erupted on November 4.

### Gandhi rejects offer

Former Indian premier Rajiv Gandhi said he had turned down an offer to form a new Indian government and that he would support the claim of veteran socialist Chandra Shekhar. Page 4

### Athens curbs cars

Cars belching toxic fumes will be banned from the centre of Athens from 1993 to curb the notorious city smog which sends hundreds to hospital every year with heart and breathing problems.

### Israeli stabbed

A Palestinian stabbed to death an Israeli prison guard as residents of the Israeli-occupied West Bank and Gaza Strip marked the killing of 18 Arabs on Jerusalem's Temple Mount one month ago.

### Bangladesh battle

Hundreds of riot police fought nearly 3,000 Bangladeshi students with batons and tear gas to stop a march in protest at closure of Dhaka University.

### Bronze Age village

A bronze age village, possibly more than 3,000 years old, has been found in Wales. Its exact location is being kept secret.

### Durrell dies

British author Lawrence Durrell, best-known for the Alexandria Quartet series of novels about life in pre-Second World War Egypt, died in the south of France aged 78. Page 17

## Business Summary

### EC offer on cut in farm subsidies is 'inadequate'

European Community's agreement to offer a 30 per cent cut in farm subsidies was described as "inadequate" by the US and its allies at the Uruguay Round trade talks in Geneva. Page 20

### GROUPE BULL, troubled

French computer manufacturer, is to cut a further 5,000 jobs worldwide and close seven of the company's 13 manufacturing sites in a move designed to return the group to profitability within two years. Page 21

### BRITISH PETROLEUM and

the Royal Dutch/Shell group faced criticism over enormous increases in third quarter reported earnings on the back of higher oil prices. Page 21

### FIFTEEN leading developing

countries warned that they would not accept a last-minute deal made at their expense by the major trading powers in the Uruguay Round trade talks. Page 6

### POLLY PECK: Director of

London's Serious Fraud Office has strongly defended its tactics following the recent raids on Polly Peck International and a company closely linked to its chairman and chief executive, Mr Asil Nadir. Page 20

### DOW JONES, publisher of

The Wall Street Journal and the von Holtzbrinck Group of Germany, which publishes Handelsblatt, the leading German business daily, unveiled a new joint venture to co-operate in current and future English-language publishing in Europe. Page 22

### SMITHKLINE BEECHAM,

Anglo-American drugs and consumer products group, pushed up pre-tax profits by 30 per cent in the third quarter to £216m (£22.92m). Page 26

### INDUSTRIALISATION, the

Swedish investment company affiliated with Svenska Handelsbanken, sold its 5.6 per cent voting stake and 2.2 per cent equity stake in Volvo to Renault for SKr280m (£47m). Page 22

### CARBURON METALCO,

Europe's third largest producer of ferro-alloys and industrial gases, received a bid of Pta14.8bn (£157m) for 25 per cent of its shares from the Banesto banking and industrial group. Page 21

### JAPANESE corporate profit

growth, which has been one of the main features of the country's booming economy in the past four years, is finally slowing. Page 23

### HONGKONG Telecommunications

local subsidiary of Cable and Wireless of the UK, announced profits attributable to shareholders up 17 per cent at HK\$2.42bn (£311m) for the half year ended September 30. Page 23

### DAIHATSU Motor, Japanese

motor manufacturer, reported an 8.2 per cent increase to ¥8.7bn (£51.5m) in first half pre-tax profit. Page 23

### CHICAGO'S two main futures

exchanges could soon finalise their agreement with Reuters on the Globex electronic trading system. Page 24

### J.P. MORGAN, US commercial

bank, is opening a Latin American corporate finance group in London. Page 25

## US boosts its Gulf forces with 100,000 more troops

By Lionel Barber in Washington, Quentin Peel in Moscow and Ralph Atkins in London

THE US is sending two more heavy armoured divisions with up to 100,000 extra men to Saudi Arabia, strengthening the ability of the American-led multinational force to mount an offensive to liberate Iraqi-occupied Kuwait.

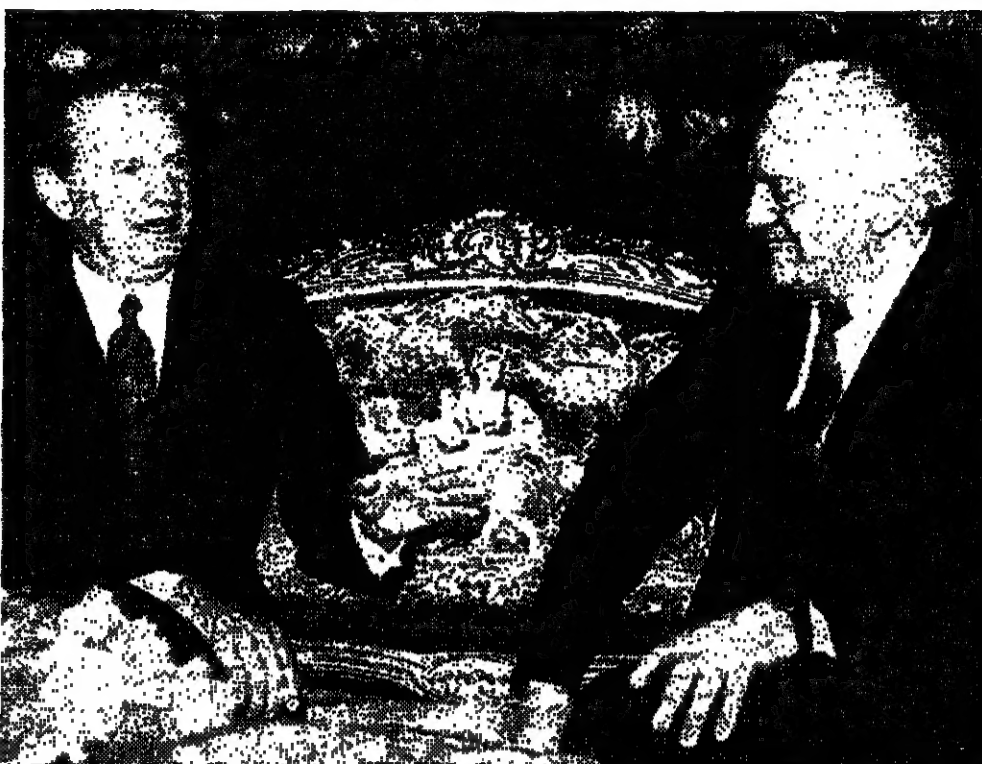
The deployment of as many as 600 additional tanks and extra ground forces to the Gulf theatre is expected to take up to two months, pushing the date for a possible military counter-attack against Iraq into the new year.

Western diplomats said the alliance wanted to examine the effect of sanctions on Iraq before considering further military options. This view is shared by other permanent members of the United Nations Security Council and by President Hosni Mubarak of Egypt.

In Moscow last night, Mr Eduard Shevardnadze, the Soviet foreign minister, refused to rule out the use of force against Iraq, but insisted that political methods must come first.

As talks with Mr James Baker, US secretary of state, continued late into the evening, the two sides reiterated their shared determination to demand the unconditional withdrawal of Iraq. Both emphasised the desirability of a political settlement, but neither would rule out a military alternative.

Mr Shevardnadze insisted that any military option should be taken "within the framework of the Security Council". In an interview with the New York Times, President Mubarak said the international coalition should wait "at least two to three months" to determine whether economic sanc-



US secretary of state James Baker (left) talks to Soviet foreign minister Eduard Shevardnadze during their talks on the Gulf crisis in Moscow yesterday

tions could force President Saddam Hussein out of Kuwait.

The deployment of two more US armoured divisions equipped with the latest M1A1 tanks and backed by support staff could bring the number of US forces in the Gulf to more than 300,000.

Mr John Kelly, US assistant secretary of state, informed the Nato allies in Brussels yesterday about the new deployment

but also told them that sanctions against Iraq should be given time to work.

The US, meanwhile, is also canvassing support for a UN resolution which would authorise force against Iraq unless it withdraws from Kuwait. The combination of diplomatic, military and political pressure is intended to show Mr Saddam that the US is not bluffing.

It emerged yesterday that Mr Saddam had recently sacked

Gen Nizar Abdul-Karim Khazraji, his army chief of staff, indicating differences in Baghdad over the handling of the Gulf crisis.

The Iraqi government newspaper al-Jumhuriya, meanwhile, issued a threat that the whole Arabian peninsula would be reduced to ashes if Iraq was attacked.

In London, Mr Tony Benn, a Continued on Page 20

## France moves to stop dollar's slide

By George Graham in Paris

THE FRENCH government is pressing for a meeting of the Group of Seven leading industrial countries to try to stem the dollar's decline in the foreign exchange markets.

Mr Pierre Bérégovoy, the French finance minister, said yesterday that a G7 meeting to discuss possible action would take place as soon as the preliminary arrangements had been completed by representatives of finance ministers.

"I do not believe it is in the long-term interests of the United States to have to mark a fall in the dollar. It is in our interests to have

exchange rate levels which are justified by the economic situation," Mr Bérégovoy said.

He said he had written to Mr Nicholas Brady, US Treasury secretary, on October 26 to urge measures to strengthen international monetary co-operation, and that Mr Brady had agreed with him on this. Copies of the letter were sent to the other five G7 countries - Germany, Japan, the UK, Canada and Italy.

French officials refused to indicate any possible date for a G7 meeting, or whether they believed the dollar exchange rate, which has dropped by 10

per cent since July to below FF5.00, had already fallen too far.

The weaker dollar has helped European economies such as France and Germany, both by reducing the cost of oil in domestic currency terms, and by helping to keep the lid on inflationary pressures by strengthening their exchange rates.

Some European monetary officials, however, have been growing increasingly worried over whether the US Treasury has adopted a policy of allowing the dollar to weaken with the aim of boosting exports.

If this were so, it might be necessary to redefine the tactic of exchange rate fluctuation bands agreed by the G7 at the so-called Plaza meeting in New York in 1985 which stemmed the dollar's rise.

It was then modified by the Louvre agreement in 1987 after the dollar had dropped sharply in a period of financial market instability.

If, however, the US is still committed to the present fluctuation bands, then a firm G7 statement might be enough to correct a "misunderstanding" by the foreign exchange markets, officials say.

## UK faces lower output, rising unemployment, Major warns

By Peter Norman, Economics Correspondent, in London

BRITAIN faces a bleak winter of falling output, rising unemployment and tight controls over public expenditure, Mr John Major, the chancellor of the exchequer, made clear yesterday.

Presenting the Thatcher government's annual Autumn Statement on the economy, Mr Major announced, as expected, that the public expenditure planning total would burst through the £200bn (£88bn) barrier in the coming financial year.

But the final £200.3bn figure, reached after gruelling negotiations between Mr Norman Lamont, the Treasury chief secretary, and spending ministers, was at the lower end of City of London expectations.

Although Mr Major avoided using the word recession, his statement was presented with grim government forecasts of:

- lower output in the present half year
- minimal year-on-year economic growth of 1/2 per cent in 1991
- a drop next year in manufacturing output and

share trading was very quiet and the FT-SE 100 index closed at 2,036.2, down 23 points on the day.

Industry's reaction was mixed. Mr Major's confirmation that next year would be tough was tempered by news of increased government spending on transport.

There were some pieces of good economic news in Mr Major's sober and cautious statement. He forecast that retail price inflation should fall this month and decline very sharply from next April to an annual rate of 5.5 per cent by the fourth quarter of next year.

He said the economy is expected to grow by over 2 per cent in the course of 1991, indicating a considerable recovery by the end of next year from its low point.

Mr Major was able to confound predictions that the government would have to reverse existing policies and raise overall public expenditure as a portion of national income. He said general government expenditure, excluding the pro-

Continued on Page 20

## MARKETS

### STERLING

New York lunchtime: \$1.5715  
London: \$1.5675 (1.8765)  
DM2.9275 (2.93)  
FF9.8225 (9.8225)  
SFR2.4575 (2.4575)  
¥255.5 (255.25)  
£ index 94.4 (94.3)

### GOLD

New York: Comex Dec \$389.5  
London: \$388.0 (387.25)  
N SEA OIL (Argus) Brent Dec \$33.825 (33.825)

### US TREASURY BILLS

3-mo Treasury Bill: yield: 7.3%  
Long Bond: 100 1/2  
yield: 8.7%

### DOLLAR

New York lunchtime: DM1.4955  
FF4.95  
SFR1.2478  
¥129.5  
London: DM1.488 (1.482)  
SFR1.2455 (1.2455)  
¥129.55 (129.10)  
S index 60.5 (59.9)  
Tokyo close: ¥129.5

### US LUNCHTIME RATES

Fed Funds 7 1/2 %  
3-mo Treasury Bill: yield: 7.3%  
Long Bond: 100 1/2  
yield: 8.7%

### STOCK INDICES

FT-SE 100: 2,036.2 (-23.0)  
FT-100: 1,574.9 (-15.9)  
FT-A All-Share: 983.53 (-1.0%)

### New York lunchtime:

DJ Ind. Av. 2,443.56 (+2.72)  
S&P Comp 208.23 (+2.22)  
Tokyo: Nikkei 22,968.81 (-530.44)

### LONDON MONEY

3-month interbank: closing 13 1/4 (13 1/4)  
Life long gilt future: Dec 84 1/4 (84 1/4)



## Weekend FT

Tomorrow: The secret policeman's fall - where are Communism's enforcers now?

A controversy on the slopes of Everest

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## Presidential contenders face stiff challenge in Guatemala

Twelve candidates are standing for president of Guatemala. The winner will inherit a country beset by problems of poverty, political violence, drugs, and a guerrilla war which former leader Vinicio Cerezo (left) was unable to solve. Page 5

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## EUROPEAN NEWS

## Robinson set to win Irish presidency

By Kieran Cooke in Dublin

MRS MARY ROBINSON was last night set to become Ireland's first woman president in a significant upset in Irish politics.

Under the transferable vote system the official election result is unlikely to be declared until later today. But if early trends are confirmed and Mrs Robinson, the candidate of the Labour Party and the Workers Party, is elected it will be a considerable upset for Mr Charles Haughey, the prime minister, and his Fianna Fail party, which has dominated political life since the foundation of the Irish state.

Mr Brian Lenihan, the Fianna Fail candidate, seemed likely to receive more first preference votes than Mrs Robinson. However, when votes are transferred from Mr Austin Currie, the candidate of the main opposition Fine Gael party, Mrs Robinson will probably emerge as the winner.

Last week Mr Lenihan, 60, was sacked by Mr Haughey as deputy prime minister and minister of defence, after being accused of lying about telephone calls he allegedly made some years ago to the president, in order to gain political advantages for Fianna Fail.

Mrs Robinson, 46, a barrister and long serving member of the Irish Senate, appears to have done particularly well in urban areas, winning a majority of votes in Dublin and other cities. Mr Lenihan won votes in rural areas, though in some parts of the country - regarded as Fianna Fail strongholds - Mrs Robinson did unexpectedly well.

Mrs Robinson is believed to have won a particularly high proportion of women's votes. Though the Irish president has few constitutional powers, a victory for Mrs Robinson is seen as heralding a change in Irish politics. It would also be regarded as a defeat for Fianna Fail and its style of politics, perceived by many to be outdated and based on patronage and favouritism.

Mrs Robinson's election will lead to problems for Mr Haughey. Many in his party are unhappy at the dismissal of the popular Mr Lenihan.



Prime Minister Mazowiecki (left) and Chancellor Kohl at yesterday's talks

## Kohl speeds border treaty in concession to Poland

By Leslie Collett in Frankfurt am der Oder

CHANCELLOR Helmut Kohl, in a significant concession to Poland, has agreed to an early signing of the German-Polish border treaty recognising their 1945 Oder-Neisse frontier as final.

After a meeting at the Polish border yesterday with Prime Minister Tadeusz Mazowiecki, the Chancellor said German and Polish foreign ministers would sign an historic border treaty in Warsaw later this month.

Bonn had previously insisted the border treaty could not be signed before completion of a second treaty with Poland on economic, political and cultural co-operation. The two leaders agreed that this accord would be presented next February for ratification by their respective parliaments.

Mr Kohl welcomed the Polish premier to Frankfurt am der Oder as the first foreign leader to visit a reunited Germany. He said Bonn hoped short talks would lead to travel to Germany without visas.

Mr Mazowiecki expressed gratitude that Germany would be the first European country to eliminate visa requirements for his countrymen. In practice, the step means Poles will be able to travel on to France and the Benelux countries without visas.

The German and Polish leaders agreed to a series of immediate moves to improve economic links between their countries. The Autobahn drove across the bridge spanning the Oder river at Frankfurt is to be widened to three lanes in either direction and customs controls greatly simplified. They also endorsed a boost in trade and economic co-operation across the German-Polish frontier.

Mr Dieter Vogel, a German government spokesman, noted that the Bonn government might consider offering government incentives for private German industry to invest in roads, bridges and other badly needed infrastructure projects in western Poland, which until

1945 belonged to Germany. Chancellor Kohl held out the prospect of workers freely crossing the German-Polish border to their jobs in much the same manner as at the German-French frontier. Poland, he said, should become an associate member of the European Community and eventually, with Czechoslovakia and Hungary, a full EC member.

Mr Kohl and Mr Mazowiecki drove across the bridge spanning the Oder into Lubice, joining the Polish town out of its mid-afternoon torpor.

The chancellor commented on election posters for Mr Mazowiecki - "Our Premier, Our President" - which were placed overnight at strategic points in the town. Mr Kohl faces elections on December 2 and Mr Mazowiecki is running for president on November 22. But the Polish leader's posters were heavily outnumbered by those for Mr Lech Walesa, his election opponent.

Flat offers Poles deal, Page 6

## Greek state sector sales proposed

GREECE'S conservative government has proposed legislation allowing it to sell 49 per cent of state-controlled corporations to the private sector, AP reports from Athens.

The bill refers specifically to the Agricultural Bank of Greece - one of the country's largest banks - and Olympic Airways, the national carrier, and its subsidiaries.

The bill also entitles the state to sell off the Bank of Crete, a former private bank that was nationalized after its owner and chairman was accused of embezzling about \$210m.

The scandal helped bring down the socialist government in 1989.

The legislation also compels companies to have minimum equity capital of 500m drachmas (\$3.3m) to enter the stock exchange, abolishing a system whereby their shares were underwritten by banks for the first six months.

## Italy re-opens more old wounds for new purposes

Secret operation revelations have set the conspiracy theorists alight, writes John Wyles

ITALIAN politicians have a seemingly boundless interest in re-opening old battles. The past is never fully buried; not because of a peculiarly heightened sense of history, but rather because so many events, from terrorist outrages to right-wing coup plots, have never been fully explained.

Those who believe that certain terrible events in the republic's recent history have been shaped by a hidden hand, have seized upon a bizarre exercise known as Operation Gladio, allegedly inspired by the North Atlantic Treaty Organisation.

Details were first revealed two weeks ago, when Mr Giulio Andreotti, the Italian prime minister, sent a report to parliament - apparently two pages shorter than the original draft - on a clandestine Nato operation dedicated to creating an underground resistance force of 1,000 soldiers and civilians in the event of a military occupation of Italy.

Mr Andreotti's hand was forced by an energetic Venetian magistrate, Mr Felice Casson, whose inquiries into a terrorist murder took him into the archives of the domestic secret service Sismi, where he found Gladio records. Subsequent events have not shown

Italy's media or its politicians at their best. Innuendo is rife and old wounds have been re-opened for contemporary purposes: to discredit the Communist Party (PCI), to discredit and force the resignation of President Francesco Cossiga (who has said he was proud to be involved in organising Gladio as a junior defence minister in 1965), and to belittle past prime ministers Bettino Craxi and Giovanni Spadolini.

In sum, they are intended to further personal and party ambitions before next year, which will see early elections and party trading over who should succeed Mr Andreotti as prime minister next year and Mr Cossiga in 1992.

Deriving its name from an ancient Roman sword with a short wide blade, the modern Gladio has still not been officially disbanded. Created with the help of the US Central Intelligence Agency after 1956, it was equipped with arms caches which, according to Mr Andreotti, were recalled in 1972, although two went missing.

Operational management of Gladio was passed from Nato to Sismi in 1981. The prime minister's report said that British intelligence helped to organise similar networks in France, the Netherlands and Belgium.

Was Gladio a precautionary product of the 1950s military mind which has lain dormant because Italy has remained unoccupied? Or was it itself occupied by obscure right-wing domestic forces, at one time possibly manipulated by the CIA, dedicated to warding off the dominant political nightmare for the US and its allies - the possible election to government of the Communist Party.

And were these forces prepared to bomb and maim the many innocent civilians caught up in terrorist strikes which began in Milan's Piazza Fontana in 1969 and led to more than 80 deaths at Bologna station in 1980?

Gladio is rich and fertile soil for Italian conspiracy theorists precisely because of proven past links between the secret services and neo-fascists. Violence has been a tactic of the extreme right as well as the extreme left and there are even those who believe that the hard-left Red Brigades themselves may well have been manipulated into murdering former prime minister Aldo Moro by a guiding right-wing hand determined to eliminate the man who appeared to be preparing the PCI for

government. The question as to who has known about Gladio over the years has become a burning one. Former Christian Democrat (DC) premiers and ministers of defence say they were informed by the secret services; the only two non-DC premiers, Mr Spadolini and Mr Craxi, have said they were not.

But then Mr Craxi was shown a piece of paper which he had signed in 1964, about a year after becoming prime minister. He revealed to a special press conference on Wednesday that the paper did not talk of Gladio by name but of the existence of an organisation "for conducting an unorthodox war on national territory if it is occupied by enemy forces, in direct support of military operations by Nato forces". He did not inquire further but is telling Mr Andreotti to reveal more.

Nato in Brussels has refused to confirm the existence of Gladio, but it did label as "incorrect" statements attributed to a spokesman at Supreme Headquarters Allied Powers Europe (SHAPE) in Mons that no such network ever existed. It was longstanding practice, said the Nato spokesman, not to give information on matters of military secrecy.

## More cash for BBC World Service

By Raymond Snoddy

THE BBC World Service is to be given a significant increase in funding by the British Government, mainly to pay for higher editorial standards and increased re-broadcasting of programmes in east Europe.

New transmitters will also be installed to improve the audibility of broadcasts to east Europe, the Soviet Union and the Indian sub-continent.

The new three-year funding will total \$501.6m: \$159.6m in 1991-92, a real increase of 6 per cent; \$166.5m in 1992-93; and \$175.5m in the final year.

Mr John Tusa, managing director of the service, said he was glad the government had recognised that just as the 1980s were the years of improving the audibility of broadcasts, the 1990s should be the years when more money was put into programmes.

Earlier this year the BBC agreed to drop services in Japanese and Malay in return for more funding for east European, Chinese and Vietnamese services.

There will also be a real increase in the British Council's funding to cover particularly the advancement of English learning in eastern Europe.

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# IMPORTANT EXCELL CUSTOMER ANNOUNCEMENT

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## JF PACIFIC WARRANT COMPANY S.A.

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Registered Office:  
2, Boulevard Royal, Luxembourg

## NOTICES OF

- an extraordinary general meeting (the "EGM") of the holders of Ordinary Shares and holders of Preference Shares in JF Pacific Warrant Company S.A. (the "Company");
- a separate class meeting of the holders of Ordinary shares in the Company (the "Ordinary Shares Class Meeting");
- a separate class meeting of the holders of Preference Shares in the company (the "Preference Shares Class Meeting").

The EGM is to be held at the registered office of the Company on 16th November, 1990 at 3:30 p.m.

The Ordinary Shares Class Meeting is to be held at the registered office of the Company on 16th November, 1990 at 4:00 p.m.

The Preference Shares Class Meeting is to be held at the registered office of the Company on 16th November, 1990 at 4:30 p.m.

The purpose of all three meetings will be to consider separately, and if thought fit, to pass the following resolution which will be proposed as a special resolution:

1. THAT, conditional on the passing of the Resolutions to be proposed at the separate class meetings of holders of Ordinary Shares and holders of Preference Shares convened for 16th November 1990:

- (a) the authorized share capital of the Company be and it is hereby increased by the creation of a further 2,500,000 Ordinary Shares;
- (b) the issue by the Company of 1,250,000 new Ordinary Shares of a par value of United States Dollars two (U.S.\$2) each on the first business day in London and Luxembourg following the Record Date (as defined below) (the "Closing Date") by the capitalisation of United States Dollars two million five hundred thousand (2,500,000) of the realised profit of the Company for the year ended 30th June, 1990 be and it is hereby approved, such new Ordinary Shares to be issued to holders of Ordinary Shares in registered form on the register of members of the Company at close of business on 19th November, 1990 (or in the event any of the necessary Meetings are adjourned, on the first business day in London and Luxembourg following the passing of all of the necessary resolutions at such Meeting(s) (the "Record Date") and to holders of Ordinary Shares in bearer form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the board shall prescribe, in each case in the ratio of one new Ordinary Share for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more particularly set out in the Circular;
- (c) the issue by the Company of 1,250,000 Warrants having the rights and being subject to the conditions set out in Part II of the circular letter to holders of Ordinary Shares and Preference Shares in the Company dated 25th October, 1990 (the "Circular") on the Closing Date be and it is hereby approved, and that such Warrants be issued to holders of Ordinary Shares in registered form on the register of members of the Company at close of business on the Record Date and to holders of Ordinary Shares in bearer form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the board shall prescribe, in each case in the ratio of

one Warrant for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more particularly set out in the Circular.

2. The EGM will consider further amendments to the Articles of Incorporation which are required to be made as a direct result of legislative changes in Luxembourg whilst other amendments reflect the decision of the Board of Directors of the Company to update the Articles of Incorporation.

The wording of the proposed amendments is available on request to the Company.

In summary, the amendments contemplate:

- to provide for an unlimited life of the Company;
- to amend the Articles to reflect the changes in the authorised and issued share capital of the Company pursuant to resolution 1;
- to provide for how the Net Asset Value of the Company should be determined and to what extent the issue of the warrants will be taken into account to reflect the Net Asset Value of the Ordinary Shares on a diluted basis;
- to further define the liabilities to be deducted in calculating the Net Asset Value of the Company;
- to rule the circulation of copies of the directors reports, balance sheet, profit and loss account of the Company to shareholders;
- to determine the provisions for the election of the Chairman of the meeting of shareholders;
- to define the authority of the Board to determine the corporate and investment policy and the course of conduct of the management and business affairs of the Company;
- to delete the reference to a statutory auditor and qualifying shares for the directors, which requirement has been removed by recent legislative change.

By order of the Board of Directors,  
Jean-Michel Celhay,  
Secretary

Dated 25th October, 1990

## NOTE:

1. The quorum for the EGM and the Class Meetings is each time holders present in person or by proxy of 1/2 of the shares entitled to vote on the resolution. In order to be carried, a special resolution should be passed by a majority of not less than 2/3 of the shares represented at the EGM or at the respective Class Meetings.

2. A shareholder is entitled to appoint a proxy to attend and vote instead of him. A person appointed to act as a proxy need not be a shareholder. To be valid white Forms of Proxy in respect of Ordinary Shares and Preference Shares in bearer or registered form should be returned to the office of the Registrar, Banque Internationale à Luxembourg S.A. at 2, Boulevard Royal, Luxembourg and blue Forms of Proxy in respect of Ordinary Shares and Preference Shares in registered form only should be returned to the office of Barclays Registrars, P.O. Box 34, Octagon House, Gadbrook Park, Northwich, Cheshire CW9 7RD, in each case so as to arrive not later than forty eight hours before the time of the meeting at which the proxy is to vote. In order to be entitled to vote at the Meetings either in person or by proxy, holders of Ordinary Shares and Preference Shares in bearer form must in addition deposit the certificates in respect of their Ordinary Shares and Preference Shares with the Registrar at the above address, at least five clear days in advance of the Meetings.

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## EUROPEAN NEWS

## EC clears insurance hurdles

By Tim Dickson in Brussels

EFFORTS to open up the still fragmented European market in insurance services were rewarded yesterday with the adoption by EC internal market ministers of two new directives.

The agreement between them is only a relatively small step towards the final goal of full liberalisation in the sector, but from the European Commission's point of view it keeps the momentum going ahead of the negotiations next year on

much more radical proposals.

Contrary to earlier expectations, neither of the measures, which come into effect on January 1, 1993, has been altered as a result of a "second reading" in the European parliament. The one on life assurance restricts consumers to shopping around for life cover at their "own initiative", but companies will be able to market private pensions and other services more aggressively outside their home territory with-

out being established there.

Brokers will be free to operate throughout the EC from 1993, offering life insurance contracts from companies in another country to potential policy-holders who approach them.

The directive on motor insurance will provide some of the same freedoms which have already been granted in other areas of non-life.

The authorities in the consumer's member state, how-

ever, will be responsible for controlling the technical reserves necessary to ensure that any insurance contracts are covered by the resources of the insurance company.

That restriction, however, will be swept away if the proposed third non-life directive, currently on the council table, is adopted in its present form. The proposal puts all tariffs on a fully commercial basis, so that they will not in future be fixed by governments.

## Renault job cuts to rise next year

By William Dawkins in Paris

RENAULT, the French state-owned carmaker, is planning to accelerate its job reduction plans next year in response to the steepening decline in European car sales.

The group is aiming to lose 4,620 jobs next year, a 6.7 per cent cut in the present workforce of 68,805, say union officials. This compares with the 2,300 jobs lost this year and comes a few weeks after Renault warned that profits would fall by 60 per cent in 1990.

The company is the latest in a line of big car makers to suffer from the downturn.

Renault is unable officially to confirm the details until after they are presented to next Tuesday's staff council.

However, officials say the largest single part of the reductions will come from the Billancourt site near central Paris, which had already been earmarked for closure by mid-1992.

Currently, 2,500 people work there making light vans. The group is studying how to reduce the number of straight redundancies.

"It is no surprise that we are continuing to reduce staff," said an official of the company, which has shed 39,000 jobs over the past five years.

## Pöhl says framework for European bank agreed

By Peter Marsh, Economics Staff

BROAD agreement has been reached on the framework for the new European central bank which would operate in the final stage of European economic and monetary union, Mr Karl Otto Pöhl, the president of the Bundesbank, said last night in London.

Mr Pöhl is chairman of the committee of European Community central bank governors which meets in Basle next Tuesday to decide on the bank's statutes.

The new institution, which some countries hope could become fully operational

around 1998, would administer monetary policy across Europe and also a new single European currency.

Mr Pöhl, speaking at a dinner organised by American Express Bank, said that officials from EC central banks and governments had reached a "high degree of agreement" on four crucial points related to the new institution.

He warned, however, that much had to be done to convert the basic design of the bank into practical policy.

Maintaining price stability would be the bank's prime

task, Mr Pöhl said. It would also be made independent from political interference, and would have full responsibility for monetary policy across Europe.

"The latter is a precondition for a central and undivided monetary policy," continued Mr Pöhl.

Finally, it would have the powers to ensure that individual governments did not simply finance their budget deficits by printing money. These powers would be a mechanism designed to reduce inflationary risks.

## Brussels wins two telecoms battles

By Tim Dickson

BRUSSELS yesterday claimed another two scalps in its long battle to open up national markets in telecommunications terminal equipment.

A spokesman for the European Commission said legal proceedings against Ireland and Denmark for breaking EC anti-monopoly rules had been dropped now that assurances had been received from the two member states.

Brussels said the Dublin government only partially complied with a directive introduced in May 1988 requiring it to withdraw the exclusive rights of the telecommunications administration in

relation to the marketing of terminals (faxes, modems, etc). This was because Telecom Eirann, the state company, maintained its monopoly in respect of the first telephone set.

However, Telecom Eirann's private sector competitors had been told they could market such equipment on an equal footing.

Other infringement proceedings, meanwhile, had been initiated against Belgium and Denmark, but the Commission said it had also decided to drop the case against the latter because it had since abolished exclusive rights granted in connection with PABXs.

## Differences narrow over software copyrights

By David Buchan in Brussels

EC ministers look set to approve much-lobbied computer software legislation before the end of this year, after they narrowed their differences yesterday on copyright length and rental rights.

The key remaining obstacle is how much licence should be allowed for people to decompile software for the purposes of making it inter-operable with other programmes or maintaining it without giving free rein to illegal copying.

Mr Martin Bangemann, the EC industry commissioner, expressed confidence that the term "maintenance" could be defined in time for the next

meeting of EC internal market ministers on December 13.

Mr John Redwood, the UK trade and industry minister, said that maintenance should be construed as nothing more far-reaching than correcting programme errors.

Both agreed that in the end it would have to be left to the courts to define permissible decompilation of software.

Dutch and German reservations over software authors retaining rights to rent their products were largely removed, and it was agreed that Germany could keep its copyright duration as 70 years after an author's death.

## ELECTIONS IN MACEDONIA

## Communists hope to retain power

By Laura Silber in Skopje

THE ruling communists in the southern Yugoslav republic of Macedonia are expected to retain power in a coalition government after the republic's first free elections on Sunday.

The communists could win as much as a fifth of the votes, and forge an alliance with the League of Reform Forces, Yugoslavia's first nationwide party. The poll will test whether the LRF, led by Mr Ante Markovic, the prime minister, can win support in a republican election.

The communists' relatively strong support stems from appreciation by the electorate for the late President Tito. He gave Macedonians their own republic and secured foreign aid in 1944 after an earthquake devastated Skopje, the capital.

Mr Petar Gosev, president of the League of Communists of Macedonia-Party of Democratic Change (LCM-PDC) is confident of a good result. In his view, "the LCM-PDC started the battle for reforms over a year ago and has rid itself of all Bolshevik elements".

The commitment by both parties to economic reforms is seen as one of the most impor-

tant issues in this campaign. Macedonia, with 1.35m people, is one of the poorest of Yugoslavia's six republics. Unemployment, at 23 per cent, is among the highest in Yugoslavia. Last year inflation hit 2,000 per cent.

However, because Macedonia is not ethnically homogenous, it is expected that the 500,000-strong ethnic Albanian minority will support the Party for Democratic Prosperity, led by Mr Nesvat Halili.

The performance of the Macedonian National Front (MNF) will be watched closely. This party is a coalition consisting of the Internal Revolutionary Macedonian Organisation and the Movement for Macedonian Action. It calls for a Yugoslav confederation of six independent states.

The MNF's strength is derived from Macedonia's increasing conflict with neighbouring Greece and Bulgaria over the status of the Macedonian minority in those countries, as well as fears that Yugoslavia could be dominated by Serbia, the largest of the republics.

## Dumas urges UK 'to follow the movement of history'

By Ian Davidson in Paris

MR ROLAND DUMAS, France's foreign minister, yesterday insisted on the necessity of building an economic and political union in Europe, and hoped Britain would "follow the movement of history".

He told parliament that the objective was to create a "democracy of states", and that each state would have to consent to transfers of sovereignty. "That is the price to be paid, and let France give a carefully considered example."

He stressed that of the 12 member states only Britain

expressed reservations about the plan for union, and questioned whether it had the will to take part. "If that should be the case," he said, "we should regret it, while still hoping for a later change of mind".

Mr Dumas insisted on the need for a common security policy in Europe, and argued that the foundations of a European security organisation should be laid from the start of the inter-governmental conference which EC member states are to open in Rome next month.

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Les actionnaires sont convoqués à assister à une assemblée générale extraordinaire de la société qui se tiendra au siège social, le 15 novembre 1990 à 11 heures et qui délibérera sur l'ordre du jour suivant :

- Modifications des statuts pour les adapter à la loi du 30 mars 1988 sur les organismes de placement collectif et à certaines modifications de la loi du 10 août 1915 sur les sociétés commerciales, notamment par modification des articles 3, 12, 13, 20, 23 al. B (e), 25 et 30.

Il est porté à l'attention des actionnaires que le quorum requis pour les résolutions est de 50% des actions en circulation et que les résolutions y afférentes peuvent être votées par une majorité des 2/3 des actions représentées.

Pour être prise en considération les procurations doivent être reçues au siège de la société au plus tard à 17 heures la veille de l'assemblée générale. Les détenteurs d'actions au porteur sont requis de déposer leurs actions auprès de la Banque Internationale à Luxembourg, 2 boulevard Royal, Luxembourg ou auprès de la Banque Arabe et Internationale d'Investissement, 12, Place Vendôme, 75001 Paris.

Des formules de procuration contenant le texte intégral des statuts tel que modifié sont disponibles au siège de la société et auprès de la Banque Arabe et Internationale d'Investissement.

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Mr. Sunday Telegraph



## INTERNATIONAL NEWS

## Hawke announces open market for telecom industry

By Kevin Brown in Canberra

THE telecommunications market in Australia is to be opened to unlimited competition by 1997, Mr Bob Hawke, the prime minister, said yesterday.

The government had previously announced that limited competition would be introduced through the sale of the government-owned Ausat satellite organisation to the private sector.

Ausat will form the basis of a competitor to a government-owned telecommunications



Hawke: enthusiastic reformer

company to be formed through a merger of Australia Telecom, the monopoly domestic carrier, and international carrier, OTC. However, Mr Hawke said the duopoly would be terminated in mid-1997, paving the way for other operators to enter the market to provide competition in network services.

The decision is a victory for Mr Paul Keating, the treasurer, who opposed the merger of Telecom and OTC and pressed for maximum competition in telecommunications. Mr Kim Beazley, the communications minister, said the proposals would give Australia the highest level of telecommunications competition in the world.

The government plans to sell Ausat to a consortium of foreign and Australian companies by the end of next year. Preference is likely to be given to consortia with strong Australian participation, and Australian majority ownership may be required in the long term.

Several companies have already expressed interest in Ausat, including TNT and Pacific Dunlop in Australia, British Telecom and Cable & Wireless in the UK, New Zealand Telecom, and Bell South, US West and AT&T in the US.

Ausat will be sold on the basis that it will be allowed to compete with Telecom/OTC in providing a full range of services using both satellite and terrestrial technology.

The government also plans to allow full resale of domestic and international capacity from next year, and will license a third mobile telephone operator to compete with Ausat and Telecom/OTC. Further mobile licences may be issued in 1995.

Mr Beazley said the introduction of a second network carrier would cut domestic telephone charges by up to 40 per cent and create thousands of jobs. The privatisation of Ausat is strongly opposed by the telecommunications union.

Telecom productivity is poor compared to similar overseas companies, and some analysts say that up to a third of the 90,000 workers of the merged Telecom/OTC may have to be made redundant.

In other announcements, the government confirmed the sale to the private sector of 49 per cent of Qantas, and 100 per cent of Australian Airlines, the leading domestic airline. The limit on individual foreign shareholdings will be raised from 15 per cent to 25 per cent, with an aggregate limit of 35 per cent for Qantas and 40 per cent for Australian Airlines.

The government is also considering licensing a specialist international freight carrier, for which the most likely candidate would be TNT, which already owns 50 per cent of Ansett Airlines, the second largest domestic carrier.

The shake-up in telecommunications and aviation is part of a series of structural reforms which have become the centrepiece of Mr Hawke's fourth administration, elected in March. Other areas of reform include federal/state relations, road and rail transport and the labour market.

## Sacking of Iraqi military chief is latest sign of dissent

By Victor Mallet, Middle East Correspondent

PRESIDENT Saddam Hussein of Iraq's decision to sack his military chief of staff is the latest sign of dissent within the Iraqi leadership over the handling of the Gulf crisis three months after Iraq's invasion of Kuwait.

Gen Nizar Khazraji, a hero of the 1980-1988 Gulf war with Iran, was replaced by his deputy Gen Hussein Rashid, the commander of the elite Republican Guard who spearheaded the lightning assault on Kuwait on August 2.

No formal announcement was made but al-Qadisiya, the

army newspaper, mentioned Gen Rashid's new title in a report about a graduation ceremony at a military academy. Gen Rashid is thought to be a relative of Mr Saddam from the Tikriti clan.

The sudden changeover surprised western analysts. Although Mr Saddam takes personal control of Iraqi policy at almost every level, the chief-of-staff would be responsible for organising the defence of Iraqi positions in Kuwait in the event of war.

In London the New Umma Party, an Iraqi opposition

group, said Mr Khazraji was fired for failing to report a letter he received from retired army officers urging him to "do something" to avert the possible catastrophe facing Iraq because of its confrontation with the multinational forces in the Gulf.

US officials in Washington were quoted as saying that Mr Khazraji had been promoted to a "non-job" as a special military adviser to President Saddam. Opponents and potential rivals of Mr Saddam have often been killed in the past, and those demoted to obscurity

usually have reason to be thankful.

The move comes less than three weeks after Mr Saddam sacked Mr Issam Chalabi, the oil minister, in a dispute over fuel rationing, and gave the portfolio to Mr Hussein Kamel, the powerful Mr Kamel, the minister of industry and military industrialisation, is another Tikriti and a cousin-law of Mr Saddam.

With international economic sanctions beginning to bite, Mr Chalabi had announced rationing to economise on additives used in refining crude oil. Mr

Saddam fired him and officially cancelled the ration system, apparently in response to widespread public discontent. Iraqi officials said the Oil Ministry had "miscalculated" the consumption of additives.

In a further sign of confusion in Iraq, the New Umma Party said that Gen Abdul-Jabbar Muhaimin, the editor of al-Qadisiya, had also been sacked, but not in connection with the military reshuffle.

The newspaper published a story quoting one of Mr Saddam's sons as saying that his father was a poor man who

wanted to be a shepherd, and that he and his brother were saving up to buy their father 200 sheep.

"The article has been the target of widespread public sarcasm," said the New Umma Party. "That issue of al-Qadisiya has been withdrawn from the streets of Baghdad."

There also appears to be uncertainty in Baghdad about the wisdom of continuing to hold foreign hostages. Hundreds are deployed as "human shields" around Iraq to deter allied attacks against Iraq.

## Japan's troop deployment ends in theatre of the absurd

The attempt by Tokyo to change its constitution revealed a vein of incompetence, Ian Rodger writes

THE withdrawal of the controversial bill that would allow the Japanese government to send troops overseas on peacekeeping missions brings an end to one of the most bizarre episodes in Japanese politics in recent memory.

It has revealed a rare vein of incompetence not only in the Liberal Democratic Party (LDP), which has ruled the country with a steady hand for 38 years, but also in the awesome bureaucracy that actually runs the government.

Japanese politicians and bureaucrats have become accustomed to heavy pressure from the US on trade issues and usually acquit themselves well in the seemingly endless series of bilateral confrontations. But this time, faced with US pressure on an issue involving international security and political issues, they proved unable to rise above the bitter internal arguments that are the normal prelude to their decision making.

In the weeks following Iraq's

invasion of Kuwait, the government was paralysed, unable to decide how to contribute to the international effort in the Gulf. Then, when the US and other western countries became increasingly frustrated with this behaviour from the country that relied most on Gulf oil, political leaders and top bureaucrats appeared to panic.

In a now famous display of government disarray, Mr Toshiki Kaifu, the prime minister, went on national television on August 30 to announce Japan's contributions before he had secured cabinet approval for the funds to pay for them. However, the only figure he felt able to mention was the sum of \$10m (\$5.1m) earmarked for emergency assistance to Jordan.

Barely 12 hours later, after the telephone lines between Tokyo and Washington had been humming, the Ministry of Finance announced that in fact \$1bn would be given to the multinational forces (subsequently raised to a total of \$4bn over a longer period and

to a variety of recipients). The widespread interpretation of this volte face, described by one senior Foreign Ministry official as a "public relations catastrophe", was twofold: first that American pressure had been so powerful that it had caused the minister of finance, Mr Ryutaro Hashimoto, wanted to remind his domestic audience that nobody, least of all the prime minister, committed Japan to spend anything without his personal approval, which had not been available on the night of August 30.

It was a classic demonstration of power politics in Japan by a powerful, ambitious politician.

Within a few days, it became apparent that another part of Mr Kaifu's hastily drawn up plan - to send teams of civilians to back up the multinational forces - was also doomed. Too few people were volunteering. Moreover, many of those who did volunteer were put-

ting impractical conditions on their participation. With US pressure still high for a Japanese share in the human as well as the financial risks of the Gulf operation, the focus shifted quickly to drafting in members of the country's Self Defence Force (SDF).

This idea was always bound to be controversial among a people that still has not forgotten how easily militarism swept the country in the 1930s, culminating in total defeat in 1945.

The Foreign Ministry tried to ease those fears by proposing severe restrictions on SDF participants. They would have to resign before joining the peacekeeping force and they could not wear their uniforms or carry arms.

However, the Self Defence Agency (SDA), which was not even consulted in the early stages of discussion of the peacekeeping bill, was furious with these proposals and lobbied friendly politicians for a more straightforward role for the SDF. Their representations

were surprisingly well received by Mr Ichiro Ozawa, the LDP secretary general, who is one of the younger generation of politicians, with ambitions at least as big as Mr Hashimoto's, and determined that Japan play its full role as an economic superpower.

The result was that when the bill finally appeared, it looked like a red flag being waved at a normally pacifist bill. It would enable the SDF personnel to be seconded to the peacekeeping force where they could carry arms, wear their uniforms and work together in units.

More than that it seemed to give the SDF a vestige of political control over the operation, thus negating the post-war dictum that the military is totally subject to civilian rule.

There is much puzzlement in and out of government over why Mr Ozawa, nothing if not a pragmatist, introduced a bill that was almost bound to be defeated. Initially, some thought he was trying to

embarrass and get rid of Mr Kaifu, by making him the "fall guy" for the bill's failure.

But if anyone has been embarrassed by the episode it is Mr Ozawa himself. However, so far, he has escaped reprimand from inside the LDP.

Still, the episode has not been without value. It has helped to spread a better understanding and acceptance within the country that Japan now has to play a role in resolving international problems commensurate with its economic size.

Yesterday, all the main political parties, with the exception of the Japan Communist Party, agreed that Japan had to participate in the future in United Nations authorised peacekeeping activities, not only with money and goods, but also with personnel.

A chastened Mr Kaifu said he expected that better legislation would be drawn up through consultations between the LDP and the opposition. Many will hope that it is done before another crisis erupts.

## Thai prime minister promises a reshuffle

GEN Chatichai Choonhavan, Thailand's prime minister, yesterday bowed to military pressure and promised major changes in his coalition cabinet, including the removal of an outspoken critic of the military, police captain Chalerm Yoobanrang, Paul Taylor writes from Bangkok.

He said he would reshuffle his cabinet when he returned from Japan and China on November 16. The promised cabinet changes come just three months after the last reshuffle and reflect crumbling military support for the Chatichai coalition and more widespread criticism of the

government's handling of the economy.

Capt Chalerm, a minister in the prime minister's office, has frequently attacked the military establishment. He recently infuriated the military by announcing in a row over a communications vehicle seized by the army.

## North Korea 'increasing war capabilities'

A WAR on the Korean peninsula would kill as many as 2.4m people in a week and destroy 80 per cent of facilities in both Koreas, South Korea's defence ministry said in a white paper yesterday, AP reports from Seoul.

It also warned that North Korea was increasing its war capabilities, with new emphasis on developing chemical, biological and radioactive weapons.

Although the two Korean states have recently started talks, there are no signs that military tension would be eased in the near future, the paper said.

It added that a non-aggression pact such as that drafted by the North Korean prime minister could upset the delicate military balance further in favour of the North.

## Indian president reluctant to call on Shekhar as next PM

By David Housego in New Delhi

THE HOPES of Mr Chandra Shekhar, the rebel Janata Dal leader, that he would be asked to be India's next prime minister, ran into trouble yesterday because of President B. Venkatarman's doubts about the stability of such an administration.

In a crowded day of consultations, the president, as expected, offered the premiership to Mr Rajiv Gandhi, the Congress party leader and to Mr L.K. Advani, the leader of the Hindu radical BJP party. These are now the two single largest parties in parliament.

Mr Gandhi, who is reluctant to form a minority Congress administration, said his party would support a government led by Mr Shekhar but not be a member of it.

The consultations came after the prime minister, Mr V.P. Singh, was heavily defeated in a vote of confidence on Wednesday. The president asked him yesterday to continue as caretaker prime minister. Mr Singh told the president of his "strong opposition" to a splinter group under Mr Chandra Shekhar being given an opportunity to form a government.

In his conversations with party leaders, the president asked them whether they were "willing and able" to form a viable government - thus underlining his concern about stability.

Mr Shekhar leads a faction in the Janata Dal of only 56 members in a parliament of 543. He claims, however, that with the backing of Congress and other allies, he had the support of 280 members.

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## Pakistan president urges aid reduction

MR Ghulam Ishaq Khan, Pakistan's president, yesterday promised to reduce his country's economic reliance on the US, Farhan Bokhari writes from Islamabad.

His remarks in parliament came two days before he leaves for Japan where he is expected to meet with the US vice-president, Mr Dan Quayle. This would be the highest level contact between the two countries since the US halted aid to Pakistan in early October, due to objections about Pakistan's nuclear programme.

Mr Khan said: "No matter how important foreign aid is for us, we shall not at all compromise our independence and our freedom of action for it."

President Khan said that Pakistan wants to maintain friendly relations with the US, "although some problems have arisen recently," an indirect reference to last month's action by the US.

He also said that Pakistan will honour all its international bilateral agreements. After the Soviet invasion of Afghanistan in 1979, Pakistan has remained one of the largest recipients of US aid after Israel and Egypt, due to its support for the Afghan mujahideen resistance.

The officials said the infiltrators had crossed the border near the West Bank town of Jericho. The Arabs, one Palestinian and four Jordanian policemen in civilian clothes, all armed with pistols and knives, crossed the border at dawn. It was the ninth incident on Israel's eastern border this year.

"This incident indicates a weakening of control within the Jordanian military forces, stemming from extremism, perhaps even religious extremism," claimed Israel's chief-of-staff, Gen Dan Shomron.

## Israeli soldier killed in border battle

An Israeli soldier was killed yesterday in a gun battle when five Arabs crossed the border from Jordan intent on avenging the killing of 21 Arabs last month by Israeli police, Judy Maltz writes from Jerusalem.

Israeli military officials said one of the infiltrators was killed and the other four were taken captive, in one of the most serious clashes on the Israeli-Jordanian border in recent years.

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HMC MORTGAGE NOTES 2 PLC  
Class A Mortgage Backed Floating Rate Notes  
Due February 2015

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due February 2015 (the "Class A Notes") of HMC Mortgage Notes 2 PLC (the "Issuer") that, pursuant to the Trust Deed dated 23rd February 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 23rd February 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Trust Deed, the amount of £6,000,000 will be utilized on 23rd November, 1990 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected for drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

## OUTSTANDING CLASS A NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes									
1990	1844	1931	2126	2282	2473	2525	2754	2936	3130
1995	1858	1954	2130	2286	2477	2529	2758	2939	3133
1741	1868	1967	2134	2290	2481	2533	2762	2943	3137
1744	1868	1969	2210	2263	2530	2736	2872	3014	3142
1774	1891	1991	2214	2267	2534	2740	2876	3018	3146
1794	1905	2027	2277	2463	2609	2783	2961	3023	3170
							3000	3058	3247

The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company  
of New York  
PO Box 161  
1 Angel Court  
London EC2R 7AE

Banque Internationale  
a Luxembourg S.A.  
2 Boulevard Royal  
L-2953  
Luxembourg

Morgan Guaranty Trust Company  
of New York  
Avenue des Arts 35  
B-1040 Brussels, Belgium

Morgan Guaranty Trust Company  
of New York  
30 West Broadway  
New York, New York 10015  
Attn: Corporate Trust Operations

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unexpired coupons and talons appurtenant thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a bank Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

HMC MORTGAGE NOTES 2 PLC  
By: Morgan Guaranty Trust Company  
OF NEW YORK, as Principal Paying Agent

Dated: November 9, 1990

## NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A Notes to the paying agency's New York Office.

Handwritten note: 20/11/90



## AMERICAN NEWS

## US-EC ties to be strengthened

By Peter Riddell

THE US and European Community are to sign a political statement at the White House next week aimed at strengthening joint ties.

Mr Giulio Andreotti, prime minister of Italy, which currently holds the EC presidency, and Mr Jacques Delors, EC Commission president, will visit Washington to meet President George Bush and sign the document next Tuesday.

Mr James Baker, US secretary of state, has been pressing for a framework agreement to institutionalise US-EC links in the light of the changes in central Europe, east-west relations, Nato, and the EC's economic integration programme.

The US initially suggested a treaty, but the idea was dropped because EC governments did not want to consider it until after the completion of the inter-governmental conference on political union.

Consequently, the "Transatlantic Declaration" will be phrased in vague terms, talking about the Atlantic alliance and shared values and approaches. The document confirms actions already taken over the past year to establish more regular meetings between the US president and the presidency of the Commission and the Council of Ministers, between the US secretary of state and community foreign

ministers, and between officials at various levels.

There were problems during the drafting over references to security and Nato which the US wanted to include despite French doubts.

The declaration comes at a time when relations have been strained by both the stalemate over the Uruguay Round trade talks and by the Gulf crisis.

The hope is that next week's Washington meeting will provide a fresh political impetus to help break the logjam in the trade discussions. Mr Bush will meet all the European leaders in Paris in 10 days for the 34-nation Conference on Security and Co-operation in Europe.

## Presidential pretenders face stiff challenge

Tim Coone assesses Guatemala's elections and the tasks facing the next president

IMAGINE yourself leader of a Third World country wracked by political violence, crime, poverty, drugs, a guerrilla war and rampant corruption.

There are actually 12 people contemplating just that as more than 3m Guatemalans prepare to go to the polls to elect a president for the next five years.

The new leader of will inherit a daunting series of problems that the outgoing president, Mr Vinicio Cerezo, was unable to solve.

According to recent United Nations data, the country has an illiteracy rate of 67 per cent, unemployment above 50 per cent, and extreme poverty affecting nearly three-quarters of the population.

In addition, there is soaring crime, widespread corruption, and an explosion of drug abuse and smuggling. The military, which has become a law unto itself, has one of the worst human rights records in Latin America.

Twelve parties ranging from centre-left to far-right are contesting the elections. In addition to choosing a new president, voters will elect all 116 deputies to Congress, the governing councils for most municipalities and 20 representatives to the Central American parliament - a regional forum, which opens next year,



Montt (left) may be power-broker when Cerezo goes

aimed at promoting economic integration.

The outgoing Christian Democrats have little hope of holding on to power. President Cerezo's handpicked successor, Mr Alfonso Cabrera, has failed to top 10 per cent in pre-election polls. To make matters worse, Mr Cabrera has recently become seriously ill.

President Cerezo's failure to make significant economic advances, to tackle crime, and to rein in Guatemala's military leaders has discredited his party. Accusations of corruption linger.

The two main contenders to have emerged are Mr Jorge Carpio of the National Union of the Centre and Mr Alvaro Arzu



Arzu (right) has a more detailed and coherent economic plan

of the National Advance Party. They are far ahead of the other candidates, according to the latest opinion polls carried out by the Chamber of Free Enterprise.

Both are in favour of tax reform, export promotion, privatisation, and of an overall deregulation of the economy to boost growth through the private sector.

Mr Arzu has a more detailed and coherent economic plan which mirrors that of the Arena party in neighbouring El Salvador.

Mr Carpio's campaign has veered towards populist sloganeering. He has promised lower taxes, more roads and more welfare. In a country

where fewer than 70,000 individuals and companies pay income tax, his campaign promises appear vague and contradictory.

None the less, having lost the electoral race against President Cerezo in 1985, Mr Carpio has built a powerful party machine and has run an effective campaign, which has reached beyond the urban centres and into the countryside.

Mr Arzu's party is new to the presidential race but, as former mayor of Guatemala City, he commands a strong urban following and trails Mr Carpio by only a few points in the opinion polls.

In fact, neither candidate is predicted to win outright. More likely, a second round will take place next January.

The Christian Democrats would then play a key role, as might other outsiders such as the right-wing Mr Elias Serrano, and even ex-General Efraim Rios Montt, who was barred from running. They might encourage supporters to vote one way or the other in return for a share of power.

Mr Rios Montt is the joker in the pack. Forbidden by the constitution from standing for the presidency - having headed a brutal military government in the early 1980s - he is instructing his supporters to spoil their ballot papers. Before his candidature was

finally quashed by the supreme court last month, he was leading the opinion polls.

By encouraging a high null vote for the presidential election, he hopes to weaken both Mr Carpio and Mr Arzu, and thereby become a power-broker in any run-off.

Neither of the main candidates has dared to challenge the army or the police on their appalling human rights record. More than 120,000 people are estimated to have died at the hands of the security forces over the past 35 years, according to human rights organisations such as Amnesty International.

Although the record has improved somewhat during President Cerezo's administration, political murders and intimidation are still common.

One of the latest incidents was the shooting last month of Mr Byron Barrera, the vice-president of the Guatemalan Journalists' Association. He survived but his wife died in the attack.

Behind the official election talk, the nation's most pressing issues may be being ignored. As the leader of the Social Democrat party, Mr Rene de Leon, said: "The major parties do not want to confront the real problems and the powers that be. There are people with licences to kill in this country."

## Money-laundering cash for UK

By Peter Riddell

THE US Treasury has given a cheque for \$3m (£1.5m) to the British Customs and Excise as its share of assets seized in the money-laundering case involving Colombian drug groups and staff of the Bank of Credit and Commerce International (BCCI).

A cheque for \$2m has been passed to France for its participation in the case.

The seizure of assets follows Operation C-Chase, a money-laundering investigation launched by the US Customs and assisted by British and

French authorities. Customs agents posing as professional money launderers penetrated several Colombian groups, and employees of BCCI actively helped in transfers of funds.

Last January, BCCI pleaded guilty to money-laundering offences and agreed to forfeit more than \$10m, of which \$10m went to the US. More recently, five BCCI officials were convicted of money laundering in a US federal court and two officials were convicted in the UK.

The British Customs helped arranged US Customs activi-

ties, obtained and executed search warrants for BCCI corporate headquarters, and arrested one other official now awaiting extradition to the US.

Mr John Robson, US Treasury deputy secretary, said international co-operation in the case showed the "progress countries are making against international drug trafficking and drug-money laundering". The Group of Seven industrial countries are working together in a Financial Action Task Force on Money Laundering.

## Uruguay offers to buy back debt

URUGUAY is offering to buy back its medium- and long-term debt from international banks at a price of 56 cents on the dollar, writes Stephen Fidler.

The offer, at a premium to the current secondary market price of just under 50 cents, is part of a debt reduction accord agreed in outline with leading creditor banks last month.

Banks have already granted the necessary waivers for

the buy-back to go ahead.

Under the agreement, the final terms of which were sent to banks this week, banks will also have the option of exchanging their loans for concessional 30-year bonds with a 6 1/4 per cent annual coupon or price of just under 50 cents, in part of a debt reduction accord agreed in outline with leading creditor banks last month.

The bank debt covered by the proposal totals about \$1.7bn.

## ISC technology linked to building of Iraqi bomb factory

By Alan Friedman in New York, Tom Flannery in Lancaster, Pennsylvania, and Leslie Crawford in Santiago

INTERNATIONAL Signal and Control (ISC), the Pennsylvania company whose dealings provoked a crisis last year for its new British owner, Ferranti International, is understood to have indirectly supplied design technology that helped Iraq to build a cluster bomb factory.

ISC's role - which involved the trans-shipment of the technology by way of Chile - has been confirmed by US investigators, former executives of the company and a key Lebanese-born arms dealer who had first-hand knowledge of the transactions.

Matrix Churchill, the Iraqi-controlled UK machine tools company that received letters of credit from Italy's Banca Nazionale del Lavoro (BNL), is alleged to have supplied Iraq with sophisticated computerised precision tooling systems between January 1988 and February 1990 which were in fact applied by the Iraqis in their cluster bomb and fuse installation.

Cluster bombs, dropped by aircraft, are designed to scatter up to several hundred bomblets with variable detonation times. In Nato service, their main purpose is attacking armoured vehicles or destroying runways. But they have also been developed in Chile for "anti-personnel" purposes.

Western intelligence officials have told the Financial Times that the handing over of cluster bomb technology began after a meeting in 1983 between Mr Carlos Cardoen, the Chilean arms manufacturer, and Mr James Guerin, the ISC chairman, who was to sell his company to Ferranti of the UK four years later.

Mr Guerin, who has been in the Philippines since October 25, has entered into a plea-bargaining agreement with US prosecutors to avoid trial on charges of illegal arms sales, money laundering and securities fraud.

The cluster bomb "technology transfer" went through a clandestine network operated by Mr Cardoen, who imported the know-how and tooling from the US company in spite of the 1977 US law prohibiting the sale of US military technology to Chile. According to court documents filed in Florida, Mr Cardoen is believed to have sold a total of \$470m (£242m) worth of cluster bombs and related technology to Iraq.

Mr Nasser Beydoun, a Lebanese-born arms broker who worked for Mr Cardoen and recently fled the Florida lawsuit demanding \$30m in commission on Iraqi cluster bomb transactions, said through his lawyer yesterday that he was personally aware of the sale of Guerin's ISC to Chile for use in the Iraqi deals. He refused to discuss details.

Mr Abbey Caplan, the US

lawyer for Mr Cardoen, dismissed Mr Beydoun's lawsuit as "absolutely frivolous". In Santiago, a spokesman for Industrias Cardoen denied there was any connection between ISC and the development of Cardoen cluster bombs.

"ISC's Rockeye cluster bombs are serious competitors to our products," said the Cardoen spokesman, who claimed that Cardoen's only relation with ISC was in connection with a project to sell radio-detonated explosives to the Chilean Air Force in which "two ISC engineers came to Chile to try to fix some electronic problems with the radios, but they were unable to do so."

In the early 1980s Mr Cardoen set up a factory in northern Chile for the manufacture of 250lb and 500lb cluster bombs. He later provided Baghdad with a turnkey factory facility, for which ISC is understood to have supplied charts, drawings, designs for fuses and bomblets and other related technologies.

The Cardoen network also received crucial help from Matrix Churchill, which - according to export orders and contracts shown to the Financial Times - between 1988 and 1990 sold Mr Cardoen machinery worth \$3m. The machinery is understood to have been used in making cluster bomb fuses.

Matrix Churchill, whose assets have been frozen in the UK and US and whose top British directors were arrested and questioned last month by the UK Customs and Excise, also sold Iraq about \$10m worth of other machinery which could be used in making cluster bomb and chemical weapons fuses.

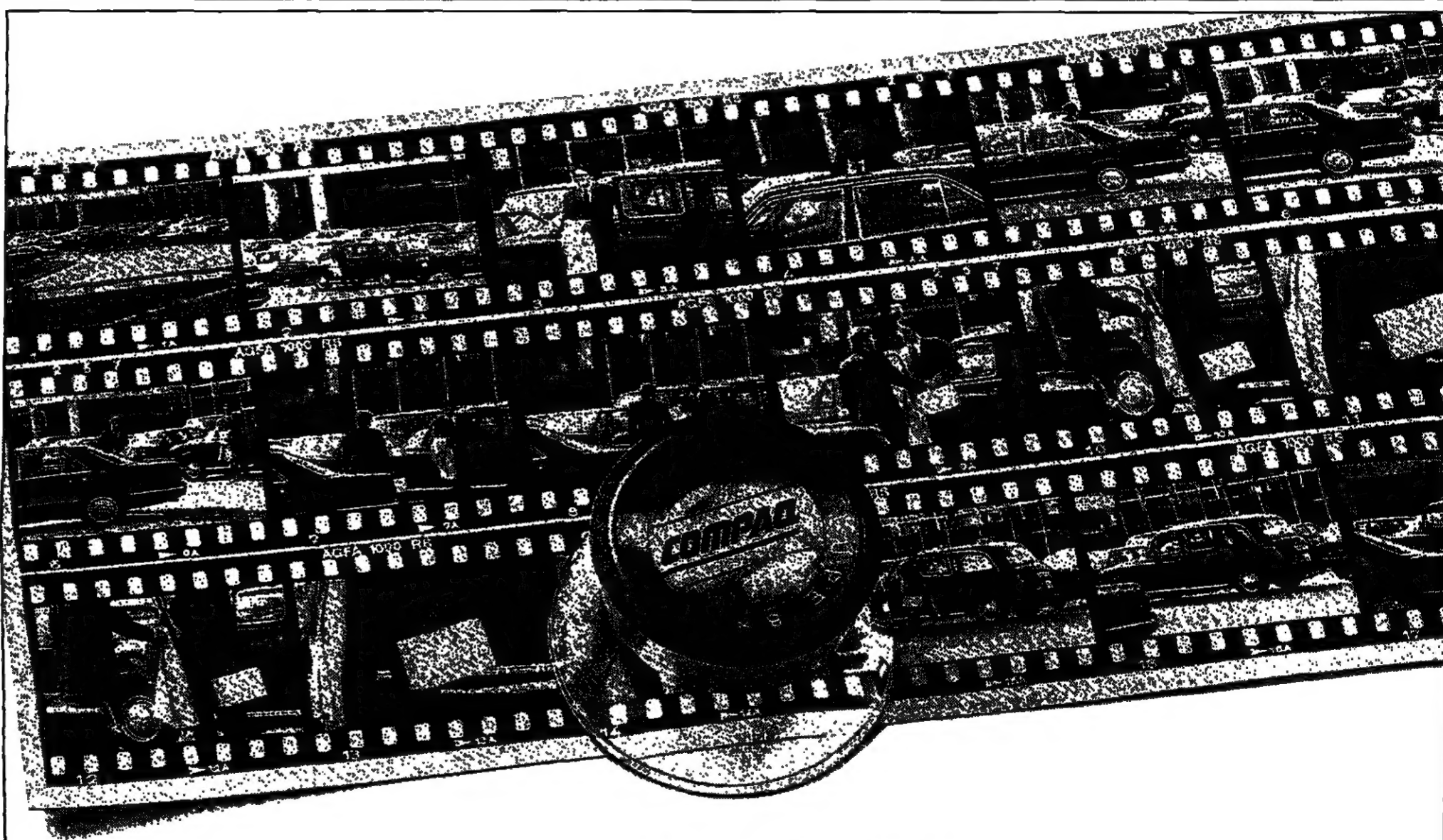
Matrix Churchill declined to comment on the specific details of any deals with Iraq and Chile, beyond saying that the Cardoen group's non-military operations were a big customer for Matrix.

But Mr Peter Allen, the company's sales and marketing director, said: "We have never knowingly supplied any machines to any military establishment. For every machine that has been despatched, the correct licensing procedure has been followed."

US officials in Washington and Pennsylvania have told the Financial Times that the cluster bomb technology sales by ISC are being investigated by a special task force made up of several US agencies.

Ferranti International said it had no knowledge of ISC being involved in any such deal either before or after the 1987 merger between the two companies. It added that it would not have condoned it.

"There were a lot of things such as bogus contracts going on that we did not find out until later," a spokesman said.



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## WORLD TRADE NEWS

## UK builders 'concerned' for ECGD

THE UK building industry remains "very concerned" about the future of the Export Credits Guarantee Department, whose premium charges make it one of the costliest export credit agencies, Mr Don Holland, president of the Export Group for the Construction Industries (EGCI) said yesterday. Peter Montagnon writes.

Support from the ECGD was critical to winning a UK role in rehabilitating central and eastern European countries, he told the EGCI annual lunch, but it was being penalised by the government for losses incurred in lending to developing countries.

Banks had suffered too, but they were not government departments required to pass on accrued profits to the exchequer, and could obtain tax relief on bad and doubtful debt provisions; the ECGD could not. The EGCI would approach Mr Peter Lilley, secretary of state for trade and industry, shortly, to start "proper" talks about the ECGD's future.

Midland Montagu Trade Finance has arranged a £250m credit line for the Soviet Bank for Foreign Economic Affairs. The first ECGD-backed facility to carry a multi-currency option, it will back UK capital goods and services exports.

## The return of the food mountain

OECD finds higher farm support and forecasts new surpluses, writes Peter Montagnon

THE COST of support for farmers in the industrialised world has started to rise again after two years of decline, principally because of the effect on world prices of the US drought, according to experts at the Organisation for Economic Co-operation and Development.

Their findings come at a crucial time in efforts to reform world farm trade in the Uruguay Round of multilateral trade liberalisation talks and lend urgency to the need to achieve agreement on progressive dismantling of assistance.

The OECD experts, who have been monitoring the cost of farm support for 10 years, decline to put a figure on the increase expected this year, but some farm economists suggest support could rise by 10 per cent on last year's total of \$250bn. Support is thought to have increased in all industrial countries except Japan and New Zealand.

The changing trend, which has emerged as world market prices for farm products dropped sharply this year, gives the lie to the assumption that two years of declining support marked an end to the structural surpluses that have plagued world agricultural markets for much of the last decade.

In fact OECD economists believe the situation could be much worse by the middle of

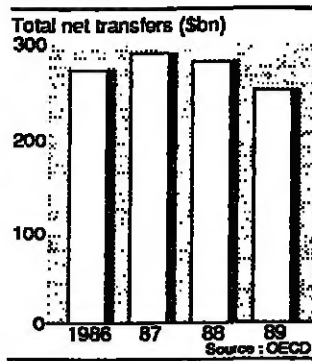
the 1990s unless farm support policies are changed. Stressing that their forecasts are still tentative, unofficial, and that they assume no further climatic shock or change in policies, they say that increased surpluses could occur for almost every major temperate product.

Though production of dairy products is likely to increase by a modest 2.5 per cent a year during the first half of the 1990s, consumption of milk-fat is dropping. This could lead to an increase in the exportable surplus of OECD countries of some 10 per cent or between 65,000 and 75,000 tonnes by 1995.

The surplus in bovine meat could increase by some 600,000 tonnes to 900,000, while the surplus in sugar could double to 3m tonnes during the period. The surplus of wheat could increase by 20m tonnes to 95m, while that in secondary cereals such as barley and maize could rise by 30m tonnes.

One factor likely to add to the strain on world markets is increased efficiency and production in eastern Europe, they add. Poland, for example, is already likely to export around 1m tonnes of grain this year. As these countries increase their production, they are likely to compete increasingly for a share of the Soviet market to which they will seek to sell food in

## Cost of supporting farmers



Source: OECD

return for energy.

Despite its record harvest the Soviet Union itself is likely to import some 30m to 35m tonnes of grain this year, roughly the same as last year. The grain will be needed to supply the cities which face shortages of supply due partly to wastage.

But the OECD economists believe that import demand from the Soviet Union could be transformed if current distribution problems are resolved. It would take only a small increase in efficiency for the country to become much more self-sufficient, they say.

For example, the Soviets currently manage to extract only 8.5 tonnes of refined sugar from each 100 tonnes of beet, not much more than half the

level achieved by the European Community. Given the size of their harvest even a small improvement in the extraction rate would go a long way to meeting their requirements.

Altogether the outlook suggests that policy change designed to make farmers more responsive to market signals is more urgent than ever. Separately the OECD has now published a study of two different approaches - production controls and direct income support for farmers.

To be effective, direct income support should be granted in a context of lower overall support and less trade protection. It should not be linked to individual products, the study suggests. This would exclude deficiency payments of the type operated by the US.

The danger with quantitative restrictions is that they risk perpetuating economic distortions by locking in particular supply patterns and are difficult to enforce. Without some accompanying reduction in prices they are also likely to shift an increasing burden for supporting farmers away from central government and on to consumers.

"Reforming Agricultural Policies: Quantitative Restrictions on Production and Direct Income Support, available from the OECD Publications Service, 2 rue André-Pascal, 75775 PARIS CEDEX 16, France

## Hitachi to make discs in France

HITACHI, the Japanese electronics giant, yesterday announced that it is to open a disc-drive making plant near Orléans, central France, to turn out FF1.8bn (\$350m) worth of units annually by 1994. William Dawkins reports from Paris.

The project is a step in the company's gradual shift of production closer to its main foreign markets, said Mr Takashi Chiba, general manager of the group's overseas operations. The plant, Hitachi's first computer equipment investment in Europe, is due to open in 1992. Hitachi will invest FF1.8bn over four years and create 170 jobs initially, rising to 500 by 1994.

The move follows the start of construction of a Hitachi integrated semiconductor manufacturing plant in western Germany. This was widely seen as a response to the European Commission's ruling that chips must be fabricated, not just assembled, in Europe if they are to count as EC products. Hitachi has made television and videocassette recorders in Britain since 1979, and in Germany since 1982.

Hitachi said its investment was motivated by the need to be near European computer industry customers so that it could tailor disc drives precisely to their needs.

## Developing nations 'will spurn deal at their own expense'

By William Duffforce in Geneva

FIFTEEN leading developing countries warned yesterday that they would not accept a last-minute deal made at their expense by the major trading powers in the Uruguay Round trade talks.

The statement in the discussions was not of their making, the 15 said. The big trading countries that had pressed for the trade liberalising talks to be held now seemed incapable of taking the substantive and political decisions needed to push the negotiations forward. The 15 appealed to major traders to bring the four-year endeavour to a successful conclusion at the meeting of world trade ministers in Brussels in four weeks.

Mr Rinaldo Figueredo, the Venezuelan foreign minister, said: "We consider it only right that we should know beforehand where we stand."

He had chaired a two-day meeting of the steering committee for the G-15 developing countries which ended on Wednesday.

The committee comprises the foreign ministers of Malaysia, Senegal and Venezuela. Other members of the G-15 group are Algeria, Argentina, Brazil, Egypt, India, Indonesia, Jamaica, Mexico, Nigeria, Peru, Yugoslavia and Zimbabwe.

The group plans to hold a ministerial meeting to determine their position and make a political assessment, before the trade ministers arrive in Brussels. The date would be decided next week when their negotiators in Geneva would take stock of the situation in the Round, Mr Figueredo said.

Developing countries had often been accused of demanding something for nothing in previous multilateral trade rounds, the 15 said in their statement.

In the Uruguay Round, however, their contributions had far surpassed anything before, while several developing nations had already liberalised trade without waiting for others to do so.

## Fiat proposes a \$2bn investment in Poland

By John Wyles in Rome, Christopher Bobinski in Warsaw and Kevin Done in London

FIAT AUTO has proposed to the Polish government a near-\$2bn investment plan over 15 years aimed at completely restructuring Poland's motor industry. The proposal is on the condition that the Italian company is given exclusive manufacturing rights.

The plan, put to Polish ministers and industry executives earlier this week, aims at consolidating the favoured position Fiat has enjoyed in Poland for many years. This has been threatened by attempts to court Warsaw by other motor manufacturers.

The deal is thought to involve Fiat taking majority stakes in both Polish car companies, FSM and FSO, and participating in other joint ventures to produce components. In return, the Italian company would take over management and marketing of the companies. It would also undertake a thorough reconstruction of Polish car manufacturing, including production lines, research and design.

The request for exclusive manufacturing rights is seen as justifiable in return for a large financial investment in a country short of funds.

Fiat's initiative would transform its current agreement to provide the Micro small car design for manufacturing at the FSM plant in Bielsko Biala. The agreement, which provides for the production of 180,000 units a year, is due to be launched next year. A third of production would be marketed in western Europe.

A second agreement covering production of 120,000 units of the Tipo at the FSO plant in Warsaw is still at the letter of intent stage.

With talks set to continue next week, the reaction of the Polish government has yet to emerge. It may be unhappy

about giving Fiat a manufacturing monopoly at a time when it is trying to set up a market system. The government may believe it can attract other direct investment from motor companies.

The proposals come as the Polish government is considering a liberalisation of foreign investment regulations. These would ease profit transfer rules, but would remove tax concessions for new investors.

It has been reported that the Italian company is keen that the Poles to provide generous tax concessions for the new ventures.

According to a Reuters news agency report, the proposals were made in secret talks with a Fiat delegation held on Tuesday with Mr Tadeusz Syryjczyk, the industry minister, and managers of Poland's state-owned car makers FSO and FSM.

The report said that Poland was unlikely to accept the exclusivity demand, regarding it as "an evidently monopolistic action".

The Polish car industry is currently based on the production of Fiat models under technology licensing deals, but the Italian group has no equity stake in the two state-owned manufacturers.

Fiat's initiative comes at a time when several other western car makers are moving quickly to establish a presence in eastern Europe.

Volkswagen and General Motors are already assembling cars in eastern Germany. GM has announced plans for car assembly and engine production in Hungary and hopes to assemble cars in Czechoslovakia.

VW is bidding against Renault/Volvo to take a substantial stake in Skoda, the Czechoslovak car maker.



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ASAHI BREWERIES, LTD.

Warrants (the "First Warrants") to subscribe for shares of common stock of Asahi Breweries, Ltd. issued with U.S.\$ 300,000,000

4 3/8 per cent Bonds due 1993

and Warrants (the "Second Warrants")

to subscribe for shares of common stock of Asahi Breweries, Ltd. issued with U.S.\$ 1,000,000,000

3 5/8 per cent Bonds due 1993

Pursuant to Clause 4 (C) of the Instruments dated 23rd March, 1988 and 31st August, 1989 (the "Instruments") and in accordance with Conditions 7 and 11 of the Terms and Conditions of the Warrants, Notice is hereby given that:

On 28th September, 1990, the Board of Directors of Asahi Breweries, Ltd. (the Company) resolved to issue Convertible Bonds in three tranches aggregating 75,000 million yen.

The consideration per share receivable by the Company (the initial Conversion Price) was fixed on 8th October, 1990 at Yen 1,128 which is less than the current market price per share on such date on which such Convertible Bonds are to be issued.

Consequently, pursuant to Clause 3 (V) of the Instruments and Condition 7 of the Terms and Conditions of the Warrants the Subscription Price of the First Warrants was adjusted from Yen 1,614.90 to Yen 1,569.30 and the Subscription Price of the Second Warrants was adjusted from Yen 2,045.50 to Yen 1,987.80, both became effective as of 17th October, 1990 (Japan time).

ASAHI BREWERIES, LTD.

By: The Sumitomo Bank, Limited and Dai-ichi Kangyo Bank (Luxembourg) S.A. as Principal Paying Agents and Warrant Agents

Dated 9th November, 1990



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FINANCIAL TIMES FRIDAY NOVEMBER 9 1990

7

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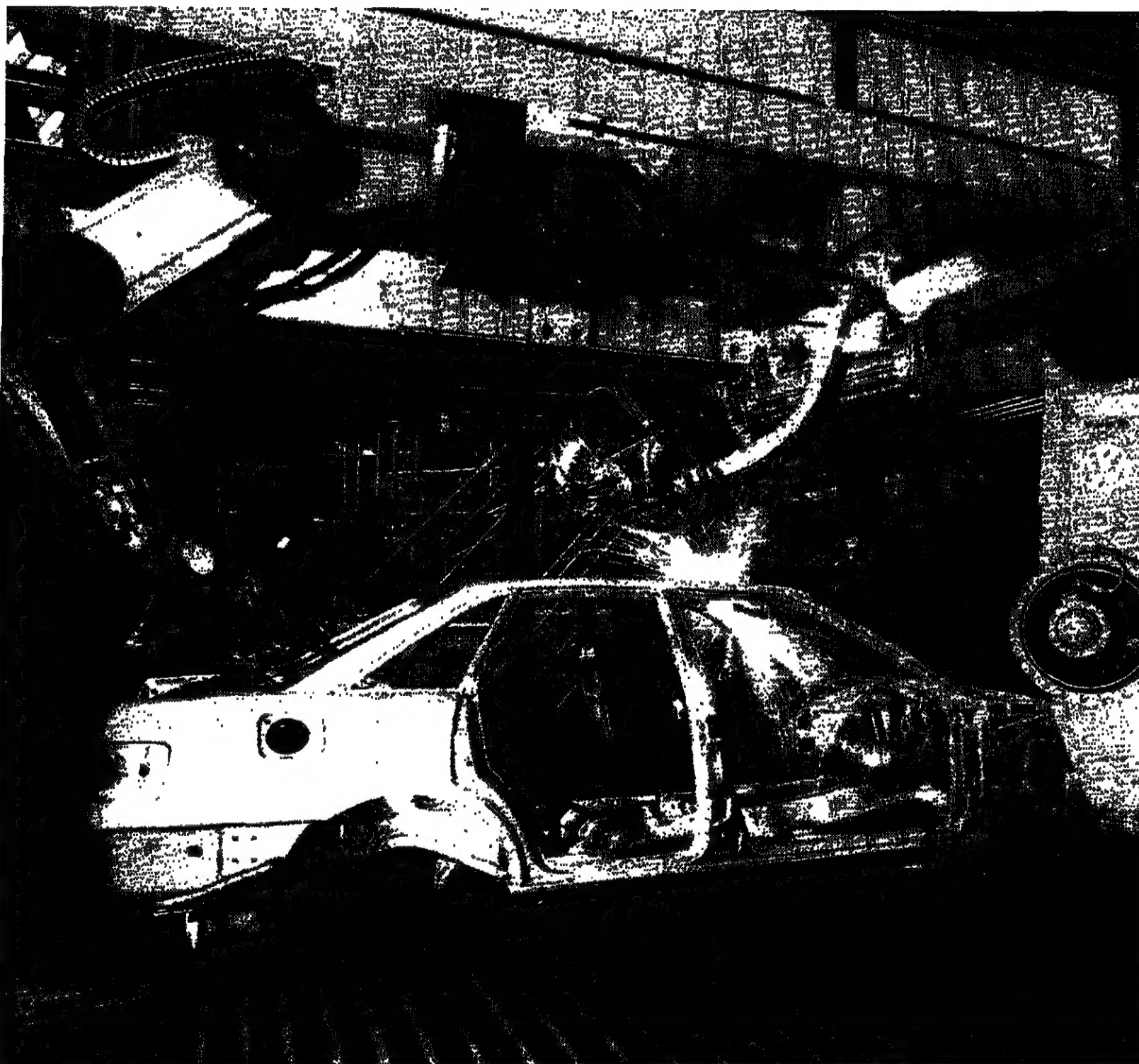
To make sure this system runs smoothly Audi uses labels made only from Du Pont TYVEK, because of its tremendous wear resistance and other exceptional properties. Like TYVEK, KEVLAR is also made by Du Pont, and is no stranger to automotive manufacturers; they've known about the merits of this high strength, low weight fibre for years. KEVLAR, for example, is used to reinforce cylinder-head gaskets and cooling system hoses in high-performance engines. It is also widely used in brake pads, clutch linings and tyres.

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In developing TYVEK Du Pont was able to combine many of the best properties of paper, fabric and film. This unique spunbonded olefin material is extremely light, yet strong and tear resistant. TYVEK shrugs off water and most chemicals, resists puncturing, is approved for contact with foodstuffs, and retains its remarkable properties down to -70°C. It is also highly printable, with a smooth, white surface that's suitable for all processes including computer printers. TYVEK is easily recycled or disposed of, with no adverse environmental effects.

#### Lost label... big problem.

Labels that get torn, worn or waterlogged can't be read - and an unreadable label is as useless as no label at all. For instance, what's the point of urgently shipping spare



#### With Tyvek the way ahead is clear.

Paper road maps, city plans and marine charts are great when they are new. But after a while they start to tear at the edges and fall apart at the folds... and if you get them wet they're simply unreadable. But maps and charts printed on TYVEK are different; they can be folded and unfolded endlessly, and can't soak up water (drop one overboard and it will not only float, it'll stay completely readable). Even after years of use a map printed on TYVEK will still be pointing the way.

This remarkable durability is why TYVEK is specified by many leading map makers, including Edison Cartographiques, Maritimes and Delfino Editrice, and why the yachtsman's "Blue Book" of Mediterranean ports is printed on TYVEK.

Few things take more of a beating than children's books and games... and few materials can take the punishment better than TYVEK. Which is why, for example, Ravensburg Games use it to extend the life of their products.

#### Tyvek delivers, safe and sound.

When you send something by mail or courier you want it to arrive in the same condition as when it was sent. Envelopes of TYVEK resist pilfering or accidental exposure of the contents through tearing, puncturing, bursting and abrasion. Add to these qualities their postage-saving light weight, water resistance and high-quality appearance, and it is little wonder that they are the primary choice of many banks, insurance companies and legal firms.

No surprise, either, that courier services such as Federal Express, and several postal authorities use envelopes of TYVEK for their important and urgent deliveries.

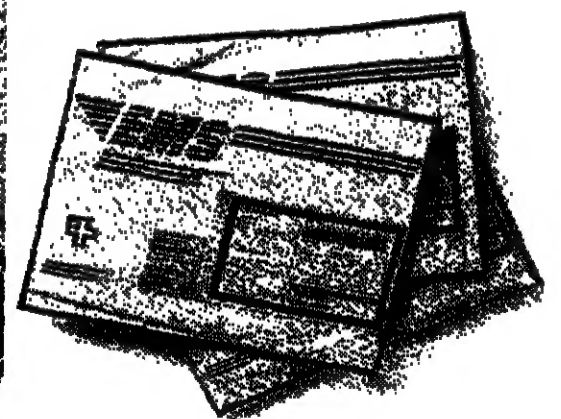
#### Packed safely.

TYVEK's special properties of strength, security, chemical and physical resistance and light weight offer many advantages to the packaging industry. Its versatility is useful, too: TYVEK can be printed, diecut, laminated, heat-sealed, bonded with adhesive and stitched. Its smooth surface is perfect for record and floppy disc sleeves, while its air permeability allows products to be gas sterilized, making it ideal for sterile packing applications.

#### Long-lasting legibility plus people protection.

Labels, envelopes and packaging are by no means the only uses for TYVEK.

The same advantages of strength and durability lend themselves to almost any application where the message must get through - display materials such as banners and posters, freight waybills and shipping documentation, ID cards and season tickets, wiring diagrams and instructional manuals... the list is almost endless.



TYVEK keeps valuable documents safe in transit.

And TYVEK protects people, too. Wherever there are hazardous work situations such as asbestos removal, chemical clean-ups, crop or paint spraying, or hospital surgeries and high-tech clean rooms, protective clothing made of TYVEK is available for a wide variety of applications.

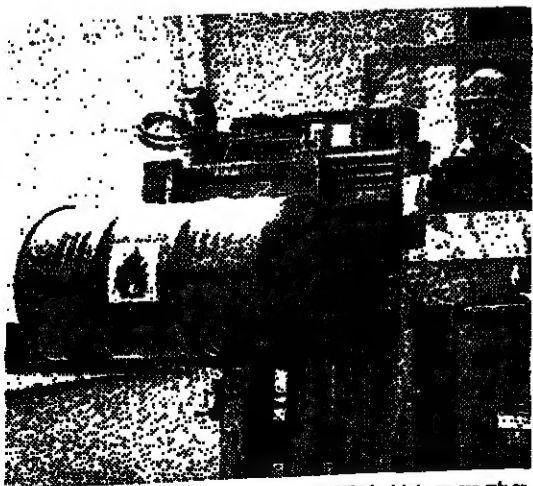
#### Innovations from Du Pont.

KEVLAR, NOMEX\* and TYVEK are produced by the Engineering Fiber Systems division of Du Pont, which also developed TEFLON\*, TYPAR\*, CORDURA\* and high-strength Nylon. From house and home to air and space, these products have opened up new perspectives in countless areas and applications.

Du Pont is one of the world's leading research-oriented companies, with 39 production plants and laboratories in Europe alone.

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TYVEK for labels you can rely on.

parts if no-one knows what they are? And chemicals that have lost their identity can be downright dangerous if wrongly stored or handled. It is because of the exceptional physical and chemical resistance of TYVEK and the labelling integrity it provides, that it is specified by such leading companies as Ciba-Geigy, ICI and Schering.



Maps made of TYVEK are tear-resistant and waterproof.



## UK NEWS

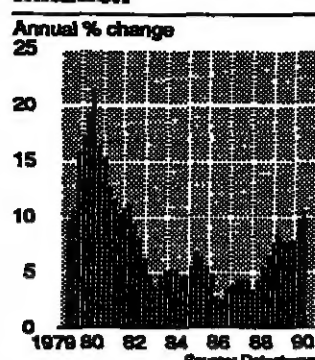
## HIGHLIGHTS OF THE STATEMENT

## Economic assessment

Forecasts and spending plans were constructed to reflect the evidence that the economy had weakened after a period of strong growth. The Gulf crisis could trigger further rises in consumer price inflation and intensify the slowdown in the world economy. But monetary indicators clearly showed that inflationary pressures had been curbed by the government's tight policy stance. This tough discipline would now be enforced by membership of the ERM. Demand and output had fallen and growth had slowed sharply. The resulting low point in the economic cycle had had an adverse effect on revenues, and particularly on the finances of the public corporations.

## Economic Forecasts

## Inflation



Source: Datastream

## Output

With his forecast of negative growth between the first and second halves of 1990, the Chancellor made the recession official. The current period of weak economic activity will extend only until early 1991, with gross domestic product to rise — in line with City forecasts — by 1 per cent in 1990. Demand and activity will pick up thereafter — putting a stop to the trend of rising unemployment — and GDP growth to recover to 2 per cent for 1991 as a whole, with year-on-year growth however only at 1/2 per cent. Manufacturing output to fall by 1/2 per cent in 1991.

## Balance of payments

Slowing import growth and rising exports contributed to an improvement in the current account despite a deterioration in the invisibles, partly caused by a drop in the overseas earnings by service companies. Domestic demand and import growth kept slack by the government's tight fiscal and monetary policies to keep current account deficit at the £15bn total which was forecast in the Budget. Next year, the deficit to fall to £11bn, or 1/4 per cent of GDP, in spite of a worse UK export performance as a result of a decline in world trade.

## Prices and earnings

This time last year, inflation was predicted to be 5/4 per cent in the third quarter of 1990, an underestimate of over five percentage points. This year, a very sharp fall in the headline inflation rate from this peak is predicted as past mortgage rate rises and the high introductory levels of the poll tax drop out of the index. The City agrees with the Treasury's forecast that retail price inflation will fall to 5/2 per cent by the fourth quarter of next year.

## Local authorities

Current spending by local authorities has outstripped that of central government for several years. But the local authorities, together health and social security departments, are singled out as priority recipients for substantial extra resources totalling some £7.5bn in 1991-1992.

## Fixed investment growth rate

Business investment could have fallen slightly in 1990 and could continue to do so next year. But this would represent a modest drop from very high levels.

## Public spending

## Public spending planning total

The Gulf crisis and a surge of spending on agricultural markets support helped lift planned expenditure in the current fiscal year by £400m — or just under 1 per cent — to £180.6bn. For 1991-92, however, the overspend leaps by about 12 per cent as the new planning total for 1991-1992 has been reset at £200bn. Higher inflation boosting spending and lower growth eroding receipts are largely to blame for this revision from a previous target of £192.5bn. This sizeable cash overrun does not, however, fully compensate the departments for higher prices. Weakening economic activity will prevent the ratio of public spending to national income falling below the 39 per cent level achieved in 1989-1990. Planning totals in the following two years are £215bn and £226bn respectively. Privatisation proceeds at £5.5bn for each year.

## Fiscal stance

High local authority borrowing, problems collecting non-domestic rates and the community charge and the economic slowdown have more than halved the government's expectations of being able to pay back £5.9bn of debt this year. Its public sector debt repayment will be £3bn, or 7/2 per cent of GDP. Although the forecast of the debt repayment has been sliced in half since the March Budget, the new PSOR is unlikely to mean the government will issue gilts to finance its spending. Membership of the ERM and the anti-inflation campaign necessitate a tight fiscal stance. The City was half-expecting the government to return to a balanced budget or even a deficit this year.

## Health

In a tight public expenditure survey, emphasis was given to a "substantial" provision for a £3.2bn rise in spending on the National Health Service between this year and next, increasing real resources by 5.3 per cent. On top of this, health authorities to keep about £200 million in extra resources which to be earned by cost improvements and income generation.

## Transport

London Transport and British Rail to receive £750m to improve safety over the next three years. Total investment will rise to £16 bn over the next three years, an increase of about £1.5bn compared with last year. The Transport Department's plans to spend £12bn on roads have been passed.

## Education

Record number of students receiving higher education prompted the £690m increase announced education department's planned spending. Local authority standard spending in 1991-1992 is over £2.4bn higher than the comparable figure for the previous year. One in five of the 18-19 age group are being educated compared with one in eight a decade ago.

## Defence

Cold War's conclusion to enable savings in the defence budget from 1992 onwards, with falls of about 6 per cent in real terms between 1992 and 1994. The overall changes are an addition of £300m in 1991-92 and a reduction of £230m in 1992-93. For the first time since 1945, spending planned to be much less than one tenth of all government spending.

## The Autumn Statement — a budget without the ballyhoo

By Peter Norman, Economics Correspondent

BRITAIN is unique among major industrial countries for splitting its annual Budget into two.

Although lacking the ballyhoo of Budget Day in the Spring, the Chancellor's autumn Statement is an important event.

It provides an updated account of government spending plans for the current financial year to the end of March, detailed departmental spending plans for the coming financial year that starts in April, and the outline of spending plans for the following two financial years.

The Treasury gives one of two annual forecasts of developments in

the economy — the other being on Budget day.

In addition, the Autumn Statement gives details of National Insurance Contributions for the coming financial year. Taxation matters are dealt with in the Budget.

However, many complexities lie behind this simple scheme. Because the treatment of taxation and spending is split in time, there is no forecast of the government's budget deficit or surplus beyond the current financial year.

Projected unemployment levels are presented as assumptions by the government actuary rather than Treasury forecasts even though they emanate from the Treasury.

Most vexing of all, the reader interested in public spending has to cope with different definitions in the statement.

For the purposes of planning and control, the government uses a measure of spending known as the Public Expenditure Planning Total.

Despite its name, this does not cover all public expenditure. Following changes last year, the planning total definition covers only those areas for which central government is responsible.

The government's broad measure

of public spending is General Government Expenditure or GGE. GGE is used in framing the government's Medium Term Financial Strategy. It is more comprehensive than the public expenditure planning total because it includes local authority self financed expenditure and central government debt interest. GGE is equivalent to the sum that must be raised each year through taxes or borrowing.

There is a further spending measure: GGE (excluding privatisation proceeds).

During the 1980s, the government set out to reduce public spending as a share of national income, in part to

create scope for tax cuts. It chose as its measure GGE, but excluded income from privatisation. GGE (excluding privatisation proceeds) is therefore the broadest definition of public spending.

The differing spending definitions give the Autumn Statement varying grades of transparency. In sectors which are entirely the responsibility of central government, such as defence, it is a good guide to overall spending plans.

Problems arise in areas, such as education, where responsibility is shared between central and local government.

## Major's optimism dented by Howe

By Philip Stephens and Alison Smith

SIR Geoffrey Howe yesterday reopened the sharp divisions within the government over Europe, and dented cautious Tory optimism on the economy after the Autumn Statement, by declaring that his differences with Mrs Margaret Thatcher were linked to the substance as well as the style of his approach.

His remarks, a week after his resignation as Deputy Prime Minister, came as the Conservative party began formally the election process which could prompt a leadership challenge to the prime minister within the next week.

Earlier Mr John Major, the Chancellor, had sought to cheer Conservative MPs with a confident forecast that inflation would fall from the present 10.9 per cent to 5.5 per cent by this time next year.

His Autumn Statement, combining a relatively tight squeeze on overall public spending with substantial cash increases for the poll tax, health, social security and education, was seen by Tory MPs as a skilful package.

Mr Major warned the government's supporters that the short-term outlook remained bleak. His judgement, however, that the expected fall in inflation would accelerate from next spring, held out the prospect of sharp falls in interest rates before the next election.

That cautious optimism was dented by Sir Geoffrey's unexpected intervention, which raised fears among Tory MPs that the recent turmoil in the

party appears set to continue for the immediate future.

It fuelled speculation also that Mrs Thatcher will face a contest in the leadership election. Although no candidate has yet come forward, Mr Michael Heseltine faces growing pressure from opponents of the prime minister to put his name forward before nominations close next Thursday.

Foreboding his resignation speech to the House of Commons next week, Sir Geoffrey repeated his sadness at his departure from the Government over Mrs Thatcher's approach to European integration.

He then went on to explicitly reject, however, the Prime Minister's assertion earlier this week that the differences between them had concerned tone and style rather than important policy issues.

Friends of Sir Geoffrey said that enough was dismayed by the Prime Minister's adversarial style in her negotiations with Europe, he would also stress more substantive differences. His fear was Mrs Thatcher's deep hostility to a single European currency was leading her to rule out a possible compromise at the forthcoming EC conference on monetary union.

Although his friends described the timing of his statement and the opening of the leadership contest by the backbench 1922 Committee as "coincidental", the statement added to the fever surrounding Mrs Thatcher's leadership.

## OVERSEAS AID

## Aid increased to £1.86bn but squeeze is likely to continue

By Peter Montagnon

OVERSEAS AID spending is likely to remain squeezed in spite of the increases announced yesterday which will take the overall budget to £1.86bn by 1993/4 from the £1.59bn originally planned for the current year.

The Overseas Development Administration (ODA) said this represented a 2 per cent increase in the aid budget for the period as a whole. However, some of the increase has already occurred with a previously-announced special revision to the budget for the current year.

This was for aid spending in Zambia and on the Commonwealth Development Corporation, which helps fund private sector investment in developing countries. It took the budget for 1990/91 to £1.62bn.

Using this higher figure as a base, the World Development Movement (WDM) calculated that British aid spending would decline in real terms by 1993/4.

Mr John Mitchell of WDM said next year's spending of £1.72bn would include £60m due to be channelled through the European Community to Jordan, Turkey and Egypt whose economies have been severely hit by the Gulf crisis. This means that there will be less left for traditional bilateral aid spending. Nonetheless, ODA has again managed to prevent help for eastern Europe from being a drag on its traditional spending.

This is again being budgeted separately and includes a further £30m next year for the so-called Know-How Fund

which provides technical help to eastern Europe and a similar amount to cover Britain's contribution to the new European Bank for Reconstruction and Development.

Mrs Lynda Chalker, aid minister, said aid priority would be given to the promotion of sound economic policies, pluralism and human rights, and to the pursuit of environmental initiatives in the fields of forestry, population and energy efficiency.

This underlines the new emphasis on the quality of government in developing countries as an aid criterion.

The issue was first raised by Mr Douglas Hurd, foreign secretary, last summer when he called on developing countries to adopt what he called "good government".

## DEFENCE

## Military spending plans dispel hopes of a large peace dividend

By David White

ANY lingering hopes of a large "peace dividend" in the short term were dispelled yesterday by defence spending plans.

A cut in Britain's military budget of 6 per cent in real terms between the current year and 1993/94 is a far cry from the multi-billion-pound cuts that many opposition and some Conservative MPs have been recommending because of the easing of east-west tensions.

A tight hold on spending this year has been relaxed to accommodate Britain's deployment of forces to the Gulf. This is expected to cost more than £600m, including pay, by the end of the financial year.

Spending in the current year is expected to be more than £250m higher as a result, at £21.56bn, and parliament will be asked to approve a supplementary

estimate to cover remaining Gulf costs. Figures for the next two years are little different from those drawn up before the summer, when the government outlined plans for reducing the size of the armed forces.

In cash terms, spending is set to continue rising, levelling out in 1993/94. This is expected to bring UK defence spending down to 3.4 per cent of gross domestic product (GDP) three years from now. This would be close to the current average within Nato, but other allies are also cutting the share of resources for defence.

This year's UK defence spending is expected to fall below 4 per cent of GNP for the first time since the Second World War. But the figure is still higher than countries

such as Germany and Italy.

Mr Tom King, the defence secretary, has repeatedly warned about the lack of leeway for early financial savings, despite the "Options for Change" plans announced in July, involving cuts of some 18 per cent in service manpower by the mid-1990s.

The inertia of the defence budget is explained by the long-term nature of military equipment programmes and the expected restructuring costs of Britain's reduced military commitment in Germany.

The MoD said yesterday that the spending plans underscored Britain's commitment to a "strong and flexible force capability, adapting to changing circumstances and maintaining a major contribution to the Nato alliance."

## Economists praise the political gloss on gloomy picture

By Peter Marsh, Economics Staff

MR JOHN MAJOR, the Chancellor, yesterday won the admiration of private-sector economists for his skill in putting the best political gloss on a gloomy set of forecasts for next year.

In his Autumn Statement, Mr Major tacitly acknowledged for the first time that Britain is in a recession and that output will stay depressed in the first few months of 1991.

Mr Major said yesterday, however, that Britain would quickly rise from the slump, showing strong growth in the latter half of next year. "The British economy is coming back on track," he told the Commons.

On the face of it, Mr Major might appear to be more pessimistic than most financial analysts about prospects for next year.

His estimate that Britain's total output next year will rise by just 0.5 per cent is much more gloomy than forecasts drawn up by independent economists over the past few weeks, most of which are predicting more substantial growth for 1991 of up to 1.5 per cent.

But Mr Major made a point yesterday of drawing a clear distinction between the first and second halves of 1991.

In the first six months, he believes that total output will stay low, at only slightly above that in the final half of 1990. But he thinks the economy will

turn round between July and December next year, expanding at a rate comparable to the period in 1990.

The engine for this expansion appears to be an increase in consumer spending, which the Chancellor is forecasting will increase by 1.75 per cent over the whole of 1991 and by a somewhat higher rate in the second half.

Mr Major spelt out his vision of public sector spending in 1991-92 being held back to £200bn. This is a figure roughly in line with predictions and one which, after taking into account inflation, shows only a small amount of real growth on this year's planned total of £180.6bn.

He failed to say what he has in mind for interest rates, which for the past two weeks the City has been predicting will fall in the near future from the current 14 per cent base rate.

But it seems likely that for the Chancellor's vision of an output boost in the second half of 1991 to become real, consumer demand will have to be stimulated by a series of reductions in interest rates, backed up perhaps by tax cuts in the next Budget. Economists yesterday said they thought interest rate cuts — of up to two percentage points by the spring — were highly likely.

Mr Peter Spencer, chief UK economist at Shearson Lehman Brothers, an investment bank,

	Autumn Statement 1989	Budget 1990	Autumn Statement 1990	Independent forecasts*
GDP growth				
1990	1.25	1	1	1.5
1991	na	1.5	0.5	1.5
Inflation (CPI)				
1990	5.75	7.25	10.25	10.0
1991	na	5	5.5	5.3
Current account (£bn)				
1990	-15	-15	-15.5	-16.4
1991	na	-12	-11	-14.0
PSBR (£bn)				
1990-91	na	-8.9	-3.0	-2.8
1991-92	na	na	na	-0.9
Consumer spending				
1990	1.25	1.25	2.5	2.3
1991	na	1	1.75	1.7
Fixed investment				
1990	1.75	-1.25	-1.5	-0.9
1991	na	-0.75	-1.75	-0.5
Manufacturing output				
1990	1.5	0	0	1.1
1991	na	0.75	-0.5	0.9
Exports				
1990	6.25	7.25	4.5	7.0
1991	na	5.5	2.5	4.5
Imports				
1990	1.25	1	2.5	3.2
1991	na	3	1.25	3.2

\* Average of independent economists' forecasts, compiled in October by Treasury. Note: Treasury forecast for 1991 (published March 1991) refers to first half of year only. Unless stated all figures refer to annual percentage growth rates.

for October, to be announced at the end of next week, may show a slight rise on the September level of 10.9 per cent.

The government is predicting that inflation will decline next year to reach an annual rate of 5.5 per cent by the final quarter, in line with independent forecasts.

Manufacturing output. Mr Major was sombre about the immediate prospects for manufacturing industry, whose output he reckons will decline by 0.5 per cent between 1990 and 1991. Exports are likely to grow next year by just 2.5 per cent, according to Mr Major. This prediction represents a downward revision of the government's own forecasts over the past six months and is much more pessimistic than most private-sector estimates. It probably represents a gloomy view of overseas selling prospects being hurt by Britain's relatively high exchange rate.

Trade. While exports are likely to grow only slowly next year, Mr Major expects that weak domestic demand in the first half of 1991 will keep imports at high volumes. These are likely to expand by 1.25 per cent in 1991, half the expected growth figure for 1990. The net effect, according to the Treasury estimates, is that Britain's current-account deficit of a likely £15.5bn this year will shrink to £11bn in 1991.

Public spending. Mr Major aims to keep the public spend-

ing planning total at £180.6bn this year, only slightly above the government's previous target. According to Mr Major's figures, the government would be left with a surplus on its public spending account this year of £32m, compared with the £5.9bn it forecast in the Budget. But some City economists believe this is over-optimistic, partly because of tax income over the next few months being less than expected due to the recession.

Mr John Sheppard, an economist at Warburg Securities, said: "I doubt if Mr Major will see any surplus at all this year."

The recession. Mr Major did not mention this word in his Commons statement, though he acknowledged that Britain's total output in the second half of this year was likely to be less than the first half — an implicit admission that Britain is in a recession. According to Mr Major, total growth in output for 1990 is likely to be 1 per cent, a figure slightly less than City estimates. It is very close to the level of 1.25 per cent which he predicted in his previous Autumn Statement.

The Gulf crisis. The Chancellor prefaced his statement on forecasts with the caveat that they could be thrown out by developments in the Gulf, particularly by further rises in oil prices. "These would both give an extra boost to inflation and slow down economic activity, in Britain and abroad."

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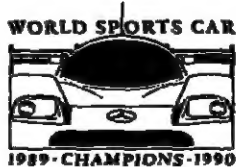
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Now you can add Sportline handling and seating packages. And all the petrol-powered 190 series cars listed above are fitted with closed-loop three-way catalytic converters.

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## UK NEWS

## International competition hits steelmaking

## British Steel to close 'obsolete' Scottish plant

By James Buxton, Scottish Correspondent

BRITISH Steel yesterday delivered the second devastating blow in six months to steelmaking in Scotland when it announced the closure of its tube works at Clydesdale, near Motherwell, Lanarkshire, with the loss of 1,200 jobs.

The decision, following the company's announcement of the closure of its hot strip mill at the nearby Ravenscraig complex with the loss of 770 jobs, was greeted with dismay by the government and fury by opposition politicians. Both fear that the closure of the two plants, scheduled for early next year, presage the end of steelmaking in Scotland within a few years.

British Steel said that Clydesdale's seamless tube process was obsolete and faced strong competition from international companies.

The plant had been incurring significant losses for six years and world overcapacity of 40 to 50 per cent in its market precluded profitable investment in new capacity. Efforts to form an alliance with manufacturers outside the UK had

failed. British Steel is, however, keeping open the nearby Imperial finishing works at Airdrie which employs 400 people. It will process lower cost pipe from overseas.

Mr Malcolm Rifkind, the Scottish Secretary, said the closure decision was "a very serious blow" for the Motherwell area of Lanarkshire. But he pointed out that because of the plant's losses and the difficult market, the decision to close was not entirely unexpected.

But Mr John Laffery, the union convenor at the plant, said closure had come as a severe shock. The shop stewards are to meet today to decide whether to campaign to save the plant.

Mr Gordon Brown, the opposition Labour spokesman on industry, said the decision was "a shameful retreat from a North Sea oil opportunity that ought to be central to the Scottish economy". He said, Britain's steel imports, which had already risen from 10 to 40 per cent of its needs, would increase further.

## UK business 'most pessimistic' in Europe

By Edward Balls

BRITISH businessmen are the most pessimistic in Europe but business confidence is falling across the world, according to a survey conducted by Dun & Bradstreet.

The survey shows that a 4 percentage point balance of UK businessmen expect sales to fall, rather than rise, in the final quarter of this year, compared to a European average balance of 37 expecting higher sales.

Business optimism across

Europe has fallen to its lowest level since the survey began in the second quarter of 1988. In Britain, confidence has fallen furthest. The balance expecting higher profits have fallen in the UK from 62 to minus 4 over the last two years. The average European balance fell from 40 to 26 over the same period.

In each of the 14 countries surveyed, business expectations for fourth quarter sales are down or flat compared to

the third quarter of this year. All European countries reported declining sales expectations - but falls were small in the Netherlands, Germany and Italy. The world index of sales expectations fell eight points to 34 from 42 for the final quarter of this year.

In the US, expectations of increased fourth quarter sales and profits have fallen to their lowest level since 1982.

Only in Brazil, of the countries surveyed, are business-

men more pessimistic than in Britain.

The survey, covering 10,000 business executives in 14 countries was conducted in September, as businesses world wide were becoming increasingly concerned about the consequences of the invasion of Kuwait.

Dun & Bradstreet International Survey of Business Expectations. Available from Bosanquet, 50-50 St John Street, London EC1M 4DT.

## London faces review of Chinese walls

By Richard Waters

THE OPERATIONS of London's leading securities houses were thrown into question yesterday as the Law Commission announced a review of the legal basis for the way they conduct important parts of their business.

The Commission's review, at the request of the government, will trigger a public debate about whether so-called integrated houses always act in the best interests of their clients.

The legal debate has not been aired publicly since integrated houses, which combine stockbroking, market making and other functions, were created at the time of Big Bang four years ago.

The Law Commission will consider the apparent conflicts

between the fiduciary duties of such houses and the regulatory regime set up under the Financial Services Act.

Foremost among the issues raised is the way the broking arms of integrated houses place business with their in-house market makers, rather than spreading it around the market.

A lawyer at one leading City regulator said yesterday: "It may be that the Law Commission will decide that, before dealing with an in-house market maker, an integrated house will always have to make sure that the price obtained is better than that available anywhere else the market."

At present, the Securities and Investment Board allows

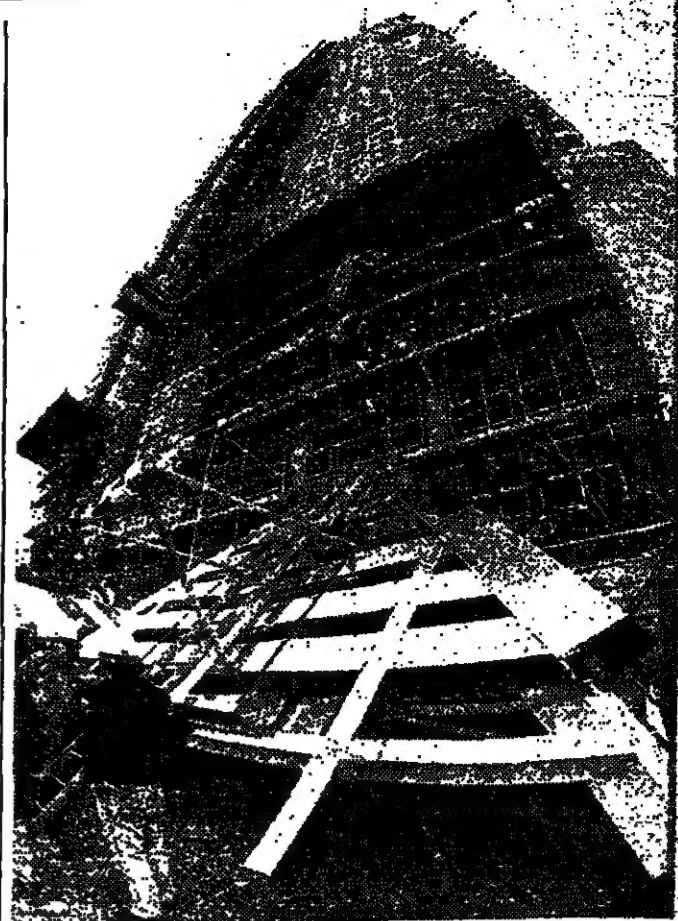
such in-house dealing provided it does not breach its principle of "best execution" - although in practice this does not mean the price obtained has to be better than anything available elsewhere.

The Law Commission's review also calls into question the use of Chinese walls - the barriers within integrated houses intended to prevent information leaking from one business area to another, to the detriment of clients.

In a parallel move yesterday, the SIB issued a new "core rule" stating that, provided Chinese walls remained sound, integrated houses were safe from prosecution for making misleading statements in certain circumstances.

Without this protection, integrated houses could find in law that information given to one part of its organisation was deemed to be known to all the other parts. However, the effectiveness of this so-called "safe harbour" protection from the SIB will be tested as the Law Commission investigates the interaction of the regulator's rules and fiduciary law.

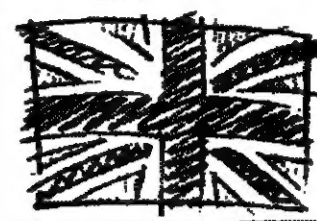
The SIB said: "We have integrated houses. It's not practical to think about disintegrating them." Instead, if the Law Commission decided that the regulations advanced under the Financial Services Act did not override fiduciary duties, then further refinements would have to be made to the existing regulations.



The steel structure of Britain's tallest building, the 800ft office tower at Canary Wharf in London's former docklands, was completed yesterday when the topmost piece of steel pyramid (pictured above), was lowered into place.

The building, developed by Olympia & York the private property group, and already dominates the skyline to the east of the City of London and can be seen up to 25 miles away.

## BRITAIN IN BRIEF



## New powers of arrest in N Ireland

The security forces in Northern Ireland are to be given extended powers of search and arrest of suspected terrorists or their sympathisers under new anti-terrorist legislation.

The new Northern Ireland (Emergency Provisions) Bill announced by Mr Peter Brooke, the Northern Ireland secretary last night, also creates a new offence of "going equipped for terrorism."

The bulk of the new legislation re-enacts existing anti-terrorist laws dating back to the 1970s, at the height of Northern Ireland's 'troubles'.

The laws, some of which have been criticised by civil liberties groups, proscribe terrorist organisations and allow terrorist offences to be tried by a single judge without a jury. They also retain the controversial power to intern which has not been used since 1975.

## Jaguar workers accept pay deal

Jaguar, the car manufacturer, was given employee approval to implement widespread changes in working practices when manual workers voted in favour of a 12.5 per cent pay deal.

Concern, however, about the changes were reflected in the narrowness of the majority in favour of the agreement. In the ballot 4,133 were for acceptance, with 3,262 against.

That means that 43 per cent of the 8,000-strong manual workforce were unhappy with a deal which, in pay rise terms, is one of the highest in the current UK pay round.

## Tension on qualifications

Tensions between the government and the European Commission over British attempts to harmonise vocational qualifications were indicated by a government response to commission proposals to improve worker mobility.

Mr Robert Jackson, employment minister, said two draft directives setting out which professional qualifications will be



Jackson: qualification fears

recognised across national borders were based too heavily on the academic and theoretical content of courses. The government has been criticised concerning the framework of National Vocational Qualifications which it is trying to introduce, on the ground that people can gain certificates without studying for a fixed length of time.

The government fears that the two directives would prevent some of the qualifications which will be recognised in Britain from being recognised in other EC countries.

## BMA loses flight battle

The Civil Aviation Authority (CAA) rejected an attempt by British Midland Airways (BMA), the second tier UK airline, to restrict British Airways flights from London Heathrow to Belfast, Edinburgh and Glasgow.

But the CAA also refused an application by BA to operate scheduled services between London Gatwick and Paris Orly to safeguard the existing services on this route operated by two smaller UK airlines, Dan-Air and Air Europe.

The decision on the UK domestic routes is a blow for BMA which has been engaged in a fierce competitive battle with BA on a number of domestic shuttle services, but especially on the Heathrow-Glasgow route. BMA claimed that BA was damaging competition on the three domestic routes by increasing its flight frequencies in an effort to drive out competitors.

## 3i to make 1,000 redundant

3i, Britain's largest venture capital company, is to make nearly 80 of its 1,000 staff redundant as the culmination of an efficiency programme launched just over a year ago.

The redundancies, which were announced to staff this week, mainly involve employees in administrative and support departments and not in the mainstream financial areas of the company's operations. Mr David Marlow, chief executive, said. He denied that the redundancies were linked to the present economic downturn or to any difficulties in the venture capital industry.

## Aids claims to go to court

Mrs Margaret Thatcher said compensation claims by haemophiliacs infected with the Aids virus through contaminated blood products would have to be settled in court.

The prime minister's comments set back hopes that the growing political row over additional compensation by the government could be defused by an early out-of-court settlement with victims' lawyers.

More than 1,000 haemophiliacs have been infected with Aids from a blood-clotting agent.

## Vauxhall leads fleet market

Vauxhall last month became the UK fleet car market leader for the first time, displacing Ford from the position it has held for nearly two decades.

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## FT LAW REPORTS

## Arbitrators' conduct is proper

K/S NORJAL A/S v HYUNDAI HEAVY INDUSTRIES CO LTD  
Queen's Bench Division (Commercial Court) Mr Justice Phillips: November 6 1990

AN ARBITRATOR commits misconduct if he insists on a commitment fee, having accepted appointment without reservation; but he is entitled to negotiate such a fee if the parties, after his appointment, require him to make a commitment as to time and dates which is beyond his contractual duties. It is desirable that he should reach agreement with both parties, to exclude the appearance of bias, and he acts properly if he declines to conclude an agreement with one party only to which the other party objects.

Mr Justice Phillips so held when making a declaration sought by the plaintiff, K/S Norjarl A/S, that Mr Stewart Boyd QC and Mr David Steel QC were fit and proper persons to act as arbitrators in its dispute with the defendants, Hyundai Heavy Industries Co Ltd. He dismissed Norjarl's claim for a declaration that a fee arrangement between the arbitrators and one party only would not raise any imputation of bias.

HIS LORDSHIP said that Hyundai were Korean shipbuilders. They contracted to build a drilling rig for Norjarl, a Norwegian limited partnership. Norjarl refused to take delivery. The dispute in arbitration was whether Norjarl was contractually entitled to reject the rig.

The arbitration clause in the construction contract provided that arbitration should be by three arbitrators. No provision was made in respect of fees.

In January 1987 Hyundai appointed Mr Cedric Barclay, and Norjarl appointed Mr Stewart Boyd QC. In May Mr David Steel QC was appointed as third arbitrator. The appointments were accepted without reference to fees. Early in 1989 Mr Barclay died and on May 23 Mr John Estes was appointed in his place.

In February 1990 the parties invited the arbitrators to reserve 12 weeks for the hearing, from April 28 1990.

The arbitrators replied that they would commit themselves to those dates at a £120,000 fee for each member, 10 per cent to

be paid by the parties on fixing the hearing dates, the balance in equal monthly instalments.

Solicitors for each party replied that the proposed terms were not acceptable. Mr Steel on the arbitrators' behalf said the proposal was intended to strike a fair balance between the need to keep clear a quarter of their 1990 diary, and the possibilities of settlement before the arbitration commenced. They would consider alternative suggestions.

Ince & Co, Hyundai's solicitors, wrote stating they had no counter-proposal. Mr Steel and Mr Boyd offered to resign. Mr Estes wrote saying he did not require a commitment fee. Clifford Chance, Norjarl's solicitors, made counter-proposals which were not accepted.

On June 20 1990 Clifford Chance put forward a further revised proposal, by which Norjarl would agree to a £102,000 fee, £5,000 to be payable when dates were fixed and £50,000 a year later.

Mr Steel and Mr Boyd regarded the proposals as satisfactory. Before accepting them they sought assurance that Hyundai had no objection. Ince & Co replied that it felt such arrangements were inappropriate when agreed by only one party. "In light of the general principle that arbitrators must be seen to be impartial".

Mr Steel wrote to both solicitors, "we note with dismay that the claimants' view is that we might not be impartial in the event of accepting the proposals. In the circumstances, we have no option but to resign."

Norjarl issued a summons seeking a declaration that acceptance of its fee arrangements would not raise any imputation of bias, and that Mr Boyd and Mr Steel remained fit and proper persons to act as arbitrators. Hyundai issued a cross-summons seeking their removal on the ground that they "misconducted themselves by making and persisting in certain requirements in respect of fees and security for such fees to which they are not entitled".

The first issue was whether the arbitrators had committed misconduct.

Mr Beloff for Hyundai submitted that the arbitrators' contractual right to reasonable remuneration did not entitle them to a commitment fee; and that seeking to exact a commitment fee as a pre-condition to continuing with the reference constituted misconduct.

Mr Sumpston for Norjarl contended that the arbitrators' contractual obligation to exercise due diligence in performance of their functions, did not extend to making firm commitment to hold 60 days available two years in the future; and that it was reasonable to require a commitment fee for a commitment of that nature.

By accepting appointment Mr Boyd and Mr Steel undertook "to use all reasonable despatch in entering on and proceeding with the reference" (see section 13(3) Arbitration Act 1950). Having accepted appointment, they became entitled to reasonable remuneration for their services.

Acceptance of appointment did not carry with it any right to a commitment fee. There was no basis on which entitlement to such a fee could arise as an implied term.

For an arbitrator who had accepted appointment without reservation subsequently to insist on payment of a commitment fee as a condition of continuing to perform his services, would constitute misconduct. Whether such misconduct justified his removal depended on the circumstances.

Mr Sumpston pointed out that the arbitrators' request for a commitment fee was a response to the parties' request that they commit themselves to hold available 60 days in the middle of 1992. What had occurred, he said, was that parties and arbitrators had reciprocally sought to negotiate a degree of commitment that went beyond that implicit in the original appointment.

The submission was accepted. Mr Boyd and Mr Steel's duties as arbitrators did not require them, at the parties' request, to hold available a 60 day period some two years ahead.

The commitment the parties were seeking went beyond the arbitrators' duties. In those circumstances it was not improper for the arbitrators to respond to the parties' request for such a commitment with a proposal that they should, in return, be granted a commitment fee.

It certainly could not be said that the arbitrators' conduct in so doing was misconduct rendering them unfit to continue as arbitrators. Mr Boyd and Mr Steel remained fit and proper persons to act as arbitrators. The second issue was whether the arbitrators could properly conclude an agree-

ment for a commitment fee with Norjarl alone.

Mr Beloff and Hyundai did not suggest the arbitrators were actually biased. They contended that the arbitrators had no right to require a commitment fee; that the terms proposed were not reasonable; and that it was inappropriate for the proposed agreements to be made with only one of the parties, in the light of the general principle that arbitrators must be seen to be impartial.

If an arbitrator wished to stipulate the amount and basis of his remuneration as a condition of acceptance of appointment it was desirable that he should, if possible, ensure that those were accepted by both parties.

If one party, in apparent good faith, objected to the proposed terms on the ground that they were unreasonable, the arbitrator should hesitate before accepting appointment on the basis of agreement with the other party alone.

Once the arbitrator had accepted appointment it was even less desirable for him to conclude an agreement that affected him personally with one party if the other was not prepared to join in that agreement.

Exceptionally that might be a proper thing to do if the other party confirmed that no objection was taken to the proposed agreement. If the other party objected it was hard to conceive of any circumstances in which it would be appropriate for the arbitrator to conclude the agreement.

It was important that arbitrators were seen by parties to be acting impartially, even-handedly and with rectitude. If an arbitrator agreed with one party that he would receive fees on a scale or on terms that the other party did not consider reasonable, there would be a risk that he might lay himself open to bias.

Mr Steel and Mr Boyd acted properly in declining to conclude an agreement for a commitment fee unless assured that Hyundai had no objection to their doing so.

For Norjarl: Jonathan Sumpston QC and Mark Howard (Clifford Chance)  
For Hyundai: Michael Beloff QC and Timothy Worthington (Ince & Co)

Rachel Davies

Barrister

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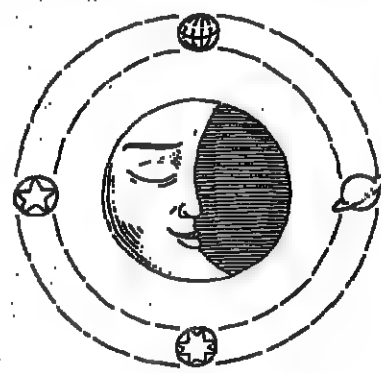
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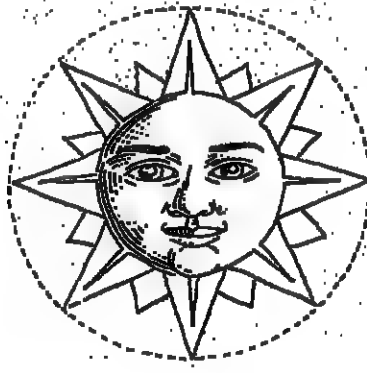
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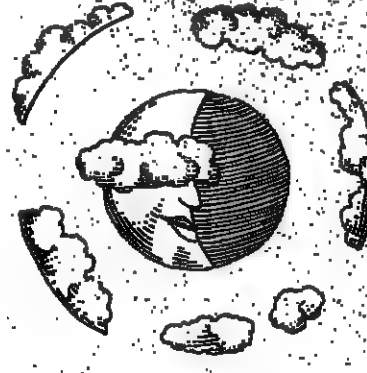
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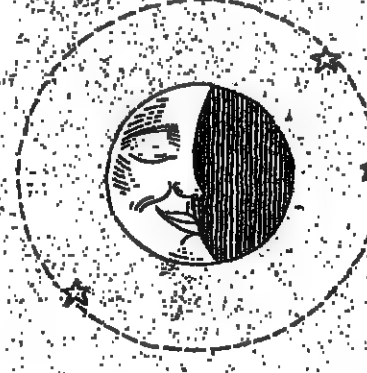
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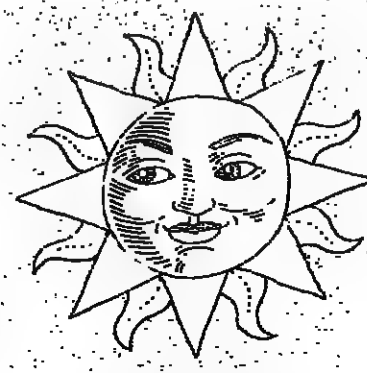
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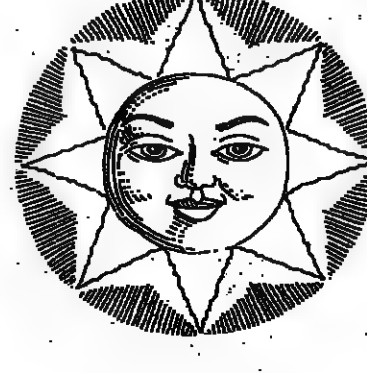
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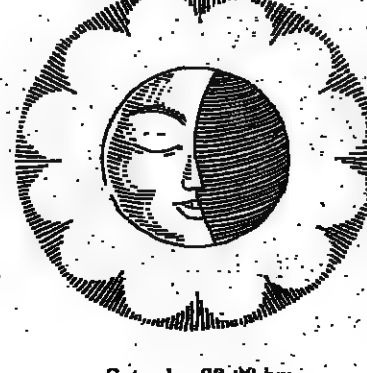
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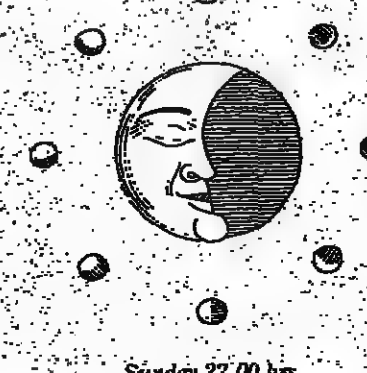
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SINGAPORE AIRLINES



## TECHNOLOGY

**B**ouncing putty - "silly putty" - is a smart material. It is a silicone compound that can be worked with the fingers like modelling clay. But roll it into a ball and drop it and the substance bounces. Its physical properties depend on the rate at which its shape is changed - plastic if changed slowly, elastic if changed fast.

Smart, or intelligent, materials respond to their environment - to physical, chemical or electrical stress, for example - by changing their properties, just as a chameleon's skin adapts to its surroundings. Photochromic glass darkens in bright sunlight to lessen the glare in spectacle lenses, then clears quickly when the wearer moves out of the sun. Silica fibres are being developed that fluoresce according to the amount of acid present.

Metals and polymers can be made to remember a previous shape, then revert to it when the temperature is right. The idea is used in aircraft engineering to make seals and joints in inaccessible places. The Japanese invented a brassiere reinforced with a frame of "memory metal" that would collapse while the garment was being laundered but regain its precise shape and size before it was worn again.

Some smart materials - like bouncing putty - have been around for a long time, often discovered by chance, and frequently failing to find a significant use. Academic scientists have been highly productive in finding novel materials that are left searching for uses,

David Fishlock looks at the market for 'intelligent' substances which change their shape and properties

## Materials with a life of their own

often unsuccessfully.

"There's a whole host of interesting materials out there," says George Whitesides, professor of chemistry at Harvard University and a member of General Motors' technical advisory committee. But he believes the traditional academic approach of inventing materials and hoping someone else will find a use is beginning to change.

For one thing, the chemical industry is beginning to identify niche markets that could be profitable for kilos of smart materials with novel electronic and electro-optical properties. "The margins are not as good as for pharmaceuticals but they're a lot higher than for polystyrene," Whitesides says.

The term "smart materials" may be just what materials science needs to add glamour to new materials development, thinks Cyril Hillsman, GEC's research director. He recounts how, when researching gallium arsenide as a new material instead of silicon for semiconductor "chips", he suddenly

excited new interest by talking of the "red-hot transistor". One US academic speaks of "a higher form of materials systems and structures". America even has its own specialist publication - the Journal of Intelligent Material Systems and Structures.

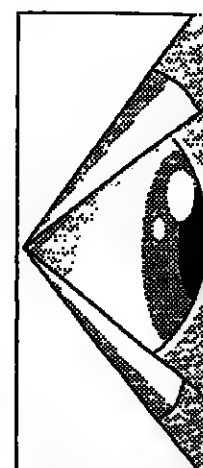
Smart materials have an inborn ability to sense change in their surroundings, as gallium arsenide does for infra-red radiation or else they are engineering systems with sensors designed as an integral part of the material. Research engineers with the Jet Propulsion Laboratory in California talk of putting nerves into steel skeletons with their efforts to develop supporting structures for a space telescope that would prevent any mechanical vibration from the spacecraft's rockets reaching the lens. Their nerves are a ceramic which when squeezed - mechanically stressed - generate a voltage.

By using such piezo-electric crystals built into the structure of aluminium tubes they

obtain a voltage output proportional to the amount the tubes move when vibrating. Their crystals take the form of small stacks of washers of a piezo-electric ceramic called lead zirconate titanate (PZT), which act as pistons built into the tubes. The voltage generated by the slightest movement of such a piston is fed back to correct the amount the tube has moved.

This research is part of the newly organised control-structure interaction research programme, set up by the US National Aeronautics and Space Administration to study vibration and other aspects of control in scientific spacecraft satellites.

Apply an electric field to a piezo-electric crystal and you get a highly sensitive sensor. Du Pont's central research and development department recently reported that it could measure very slight changes in mass, of the order of one billionth of a gram per square centimetre, in this way. This could provide in effect a micro-



### OPTICAL SENSORS FOR THE SMART POWERPLANT

- Temperature sensors - early warning of over-heating
- Chemical sensors - constant control of corrosion by monitoring pH
- Electric field sensors - to detect insulation breakdown
- Voltage/current sensors - to measure volts and amps
- Leak sensors - to detect small leaks of water or steam before they become serious
- Personal sensors - built into protective clothes to warn of environmental hazards
- Pressure sensors - to warn of excess pressure
- Strain sensors - to monitor highly stressed components such as turbine discs or pressure vessels

Source: EPRI

balance right where chemical changes are taking place - at the surface of an electrode in an electrochemical reaction, or while a semiconductor film is being built up.

Wolfgang Jentsch, board member for chemicals with BASF, told a scientific symposium in Ludwigshafen last September that his industry urgently needed ways of measuring many commonplace events while they are taking place inside its chemical reactors, including changes in product state - liquids crystallising to solids, for instance - and the size, shape and other properties of the resulting crystals.

Whitesides, addressing the same symposium on what chemistry might offer in the next 20 years, forecast that the development of smart materials and structures - which he defined as those which respond

to their environment with large changes in one or several properties - would be a major area of materials development.

Examples he cites include ferro-magnetic fluids which change shape in response to a magnetic field and can provide a new kind of hydraulic seal; and electro-rheological fluids which change viscosity from free-flowing to solid at the flick of a switch, and can be used to make a new kind of clutch. He says he hopes smart materials will introduce not just improved properties, such as composite materials will offer, but fundamentally new properties.

Transparent fibres have enormous potential in smart materials, it has been discovered that they can sense many of the changes of engineering interest - temperature, pressure, strain, even chemical changes - and relay this infor-

mation unaffected by the environment. A new kind of composite material is now within sight in which transparent fibres provide nerves rather than sinews; channels through which the material can report continuously to a central brain on the conditions it is encountering.

Aerospace engineers see such smart structures as the way to monitor the most highly stressed parts of an aircraft frame for creep or cracking, allowing their machines to perform safely while nearer the limits of their materials.

In nuclear weapon tests such optical sensing techniques have been used to retrieve data on the chemistry as well as the physics of H-bomb explosions before the smart materials evaporated.

The US electricity supply industry is adapting these ideas to monitor power plants

for the first signs of breakdown, to try to avoid the catastrophic effects of a turbo-generator or a transformer exploding. The Electric Power Research Institute (EPRI) in California, co-operative research centre of the US electricity industry, has a research programme aimed at following plant changes through fibre-optic sensors buried in highly stressed engineering components. (see illustration).

In some cases it may mean using fibres of sapphire rather than cheaper ones of glass or silica. It does mean inventing microminiature sensors such as pressure transducers smaller than a pinhead, to form the nerve endings.

EPRI and the electricity company Consolidated Edison are funding Battelle, the research contractor, to develop a temperature sensor that might be used to warn of incipient hot-spots in a high-voltage environment such as transformer or generator windings, or on transmission lines. In this case the entire length of the fibre will act as a sensor. Scanning such a fibre with optical radar can locate trouble within 2cm, EPRI scientists say.

EPRI is working on a project to monitor the performance of a power station chimney throughout its length. Another focuses on measuring the pH value of hot water by incorporating a dye in the fibre that fluoresces as a function of pH. A US utility seminar identified more than 50 ideas for optical sensing of potential use to the electricity industry.

### The Commodore for everyone

JUST in time for the Christmas market, Commodore, the personal computer maker, has launched a home computer system in the UK which bridges the gap between the leisure PC - for playing games - and the adult home computer - for writing letters and doing the accounts.

The Amiga 1500 personal home computer is bundled with a range of business and games software - such as word processing for Mum, spreadsheet for Dad and the painting game Deluxe Paint for the kids. To take advantage of the games software, the machine combines sound, colour and graphics, while with the addition of an extra board the Amiga 1500 can run the MS-Dos operating system, used for most business computing packages.

The Amiga 1500 is based on a Motorola 68000 processor, has 1MByte of internal memory, expandable up to 8Mbytes, and two floppy disc drives. The machine will sell in the UK for £255.95.

### Banking on the plastic stamp

THE world's first plastic postage stamps are now on sale in the US - but not via the normal post office outlets. Instead they are being sold through the hole-in-the-wall ATM machines of one of the country's banks.

Dollar-bill sized sheets of 25 cent stamps are on sale in a trial run by the Seattle National Bank through 100 of its machines.

The self-adhesive stamps are made by the US Postal Service from a self-adhesive polyester laminate developed by the Faxon Roll Division of Avery Dennison, of Ohio. The material comprises 10 layers, including a water-thin printed label of polyester film, a pressure sensitive adhesive backing for bonding the stamp to the envelope and a phosphorescent varnish coat which enables the Postal Service to detect and cancel mail automatically.

There is also a water-soluble layer to enable stamp collectors to remove the stamps from the envelopes by soaking.

### CFCs caught in a flux

JAPANESE electronics manufacturer NEC has developed a way of cleaning its printed circuit boards without the need to use chlorofluorocarbons (CFCs) to clean away any residual flux - the material which sticks the components to the boards.

Instead the system sprays the flux in the form of a fine mist from a spray gun. Any powder residue is then devoured through a suction device.

One advantage is the 20 per cent cut in the amount of flux used compared with more conventional methods. The Microcot HY-10, as it is called, is already being installed in NEC factories - which between them used 250 tonnes of CFCs for removing flux during 1989. The equipment will also go on sale to non-NEC companies from December.

### True colours of illicit substances

THE sniffer dog and the metal detector could be out of a job if a family of spray drug and explosive detection devices takes off.

### WORTH WATCHING

by Della Bradshaw

Developed by Erez Forensic, of Jerusalem, individual tests can detect minute quantities of cocaine, cannabis, heroine or plastic explosives. To use the tests a strip of paper treated with an extremely sensitive chemical is rubbed over the surface to be tested - the outside of a suitcase, say, or the fingers of the potential culprit. The reagent is then sprayed on and if the illicit substance is present a brightly coloured stain appears.

The test is sensitive enough to detect as little as one millionth of a gram of the illicit substances, and produces the results in seconds.

### Computers are the survivors

IT may be doom and gloom in the economy, but the computer industry can look forward to considerably better times ahead, according to the latest report from consultants Ovum, of London.

According to the report the computer industry will grow by an average of 11 per cent a year through the 1990s. By the year 2000, says Ovum, the industry's sales will be three times what they are today in real times.

The best news is for the software, services and data communications sectors - demand for their products will rise sharply. The demand for computer hardware will not grow so rapidly.

The report was compiled following interviews with major computer users in both Europe and the US.

### Little fish in a big 'glow net'

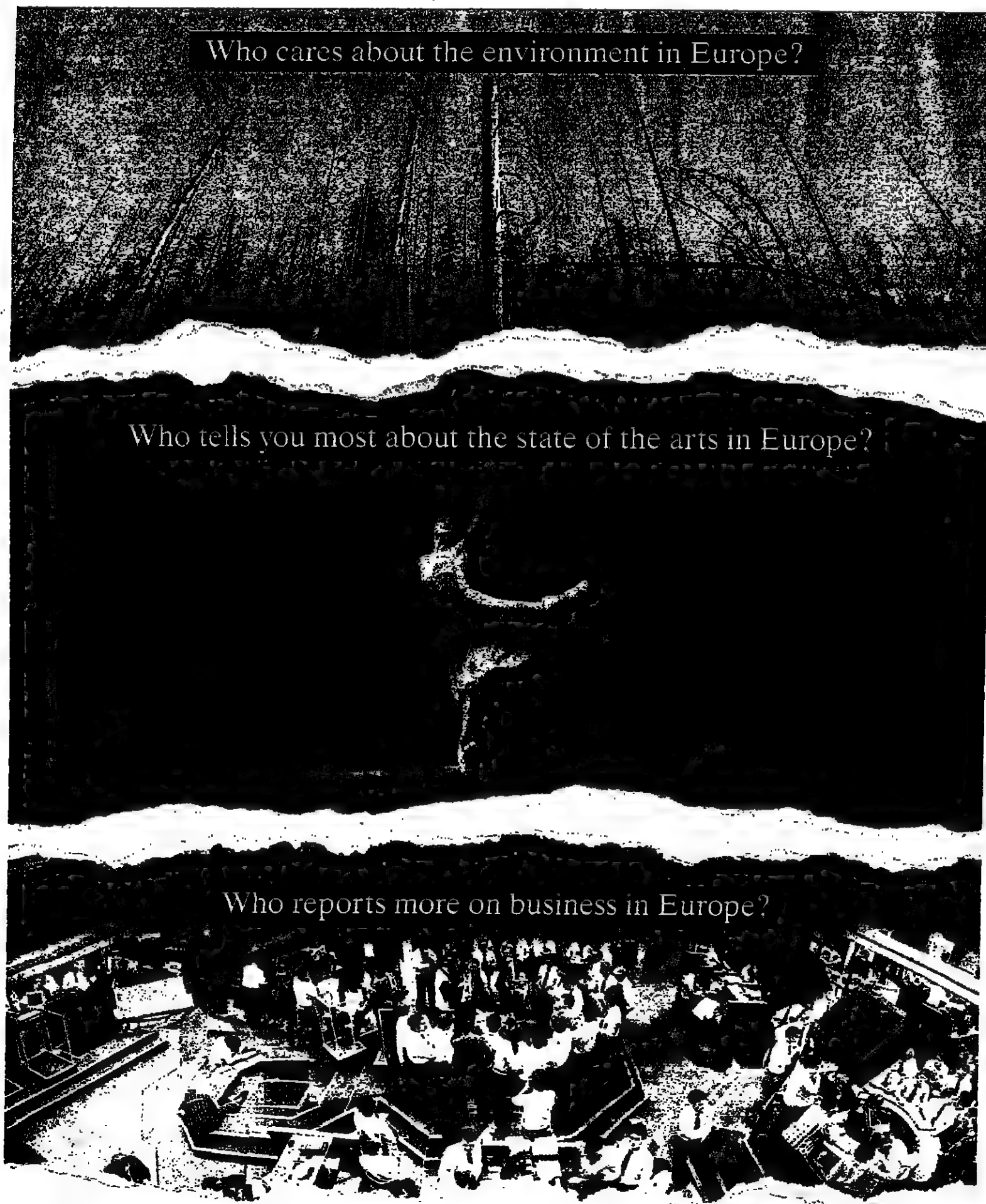
FISHERY scientists are trying to find out why, and to what extent, fish respond to light in order to ensure that small, inedible fish are not caught along with their larger brethren, writes Robin Burton.

It is already known, for example, that fish are often aware when a trawl net is moving towards them but do not try to escape until they can see it.

The scientists at the Department of Agriculture and Fisheries for Scotland Marine Laboratory are now experimenting with various shapes and sizes of "glow netting", fitted into certain parts of the net, with the aim of directing small fish to sections with large mesh, so that they can get away. Larger fish will not be able to follow.

The "glow netting", manufactured by the net-making company Nichimo, in Japan, has the unusual ability to store light, and then radiate it when placed in a dark area such as in deep water at sea. The glow may last as long as five or six hours.

Contacts: Commodore: UK, 0625 770066, Faxon, US, 216 257 4700, NEC, Japan, 03 454 1111, Erez Forensic, Israel, 253 5433, Ovum: UK, 071 225 2670, Scotland Marine Laboratory: UK, 0224 876544.



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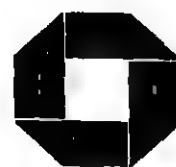
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## THE PROPERTY MARKET

## A wary path to the continent

By Vanessa Houlder

Last month, European Land unveiled plans for a £2bn business and housing development in Spain with a flourish. Its 5,000 acre site, north of Madrid, will be one of the biggest mixed schemes ever undertaken in Europe. "Parque Valle de Cerrato breaks the traditional mould of Spanish commercial development..." It proclaimed.

In joining the scramble to build in Spain, European Land is writing another chapter in the long, sometimes chequered history of British developments on the continent. UK developers have frequently brought new skills to the rest of Europe but, as often as not, their forays have ended in disaster.

The story began in the 1960s and the 1970s, when UK developers first decided to make inroads into the continent. With their entrepreneurial talents, they reckoned that they could run rings around their counterparts abroad.

However, it was nothing like as easy as they expected. UK developers had problems with the language and conventions of the continent, where, for example, estate agents often acted for both the buyer and the seller in a deal. In addition, there was little scope for speculative development. In Germany, most companies built their own offices; in Scandinavia, the economy was planned; in France, the planning and tax laws kept developers at bay.

Brussels, however, offered possibilities. Its planning authorities were more permissive than most and furthermore, the Belgians showed themselves to be tolerant of the peccadilloes of UK developers. Not surprisingly, Belgium was a magnet for UK developers - for a time. It ended in disaster, with a glut of office space and falling prices. The Brussels experience made many developers retreat back to the UK. Some property companies, however, stayed in con-

tinental Europe. The most notable were MEPC, Heron and Hammons, which created strongholds in Germany, Spain and France respectively.

These companies have inspired imitators. "At the moment, there is a great deal going on," says Mr Russell Schiller of Hilber Parker, surveyors. "There are a lot of newcomers."

Like their predecessors, the new wave of developers moving onto the continent believe they have a lot to offer in terms of development skills. "The entrepreneurial developer in the UK sense is fairly unknown on the continent," says Mr Schiller.

European Land is typical in believing that the continent offers scope for its talents. It was invited to lead the development in Castilla y Leon in northern Spain by the regional government because of its experience with business parks in Newcastle and Ashford.

Mr Jim Cookson, European Land's chairman, reckons that the proposals will leave Spain's commercial developments - traditionally limited to modest, landscaped schemes of more regimented design - far behind. "We are building the next generation of business parks, which don't yet exist in Europe," he says.

He believes that phase 1 of

the scheme will be under way in the next six months because of advance preparations made by the regional authorities and their determination to keep job creation promises. For this reason, he thinks the enterprise will be faster and simpler than a comparable project in the UK. If so, European Land will be luckier than other UK developers which have crossed the Channel. Arlington, the business park developer owned by British Aerospace, has been nominated to build a park near Calais. They have been forced to make changes, particularly concerning the density of the development. "The French perception of a business park is inevitably different to ours," says Mr Humphrey Price, a director.

Mr Brian Bennett, chairman of Dixon's Property Division, underlines the problems. "You need patience and commitment... and you need to play the political game," he says.

Despite the difficulties, Dixon's is one of the largest UK developers overseas with investments in Portugal, France, Luxembourg, Belgium and Germany.

Dixon's overseas expansion hinges on first finding the right proposal, then establishing a local office. "We employ locals and ensure that they genuinely understand our phi-

losophy," says Mr Bennett.

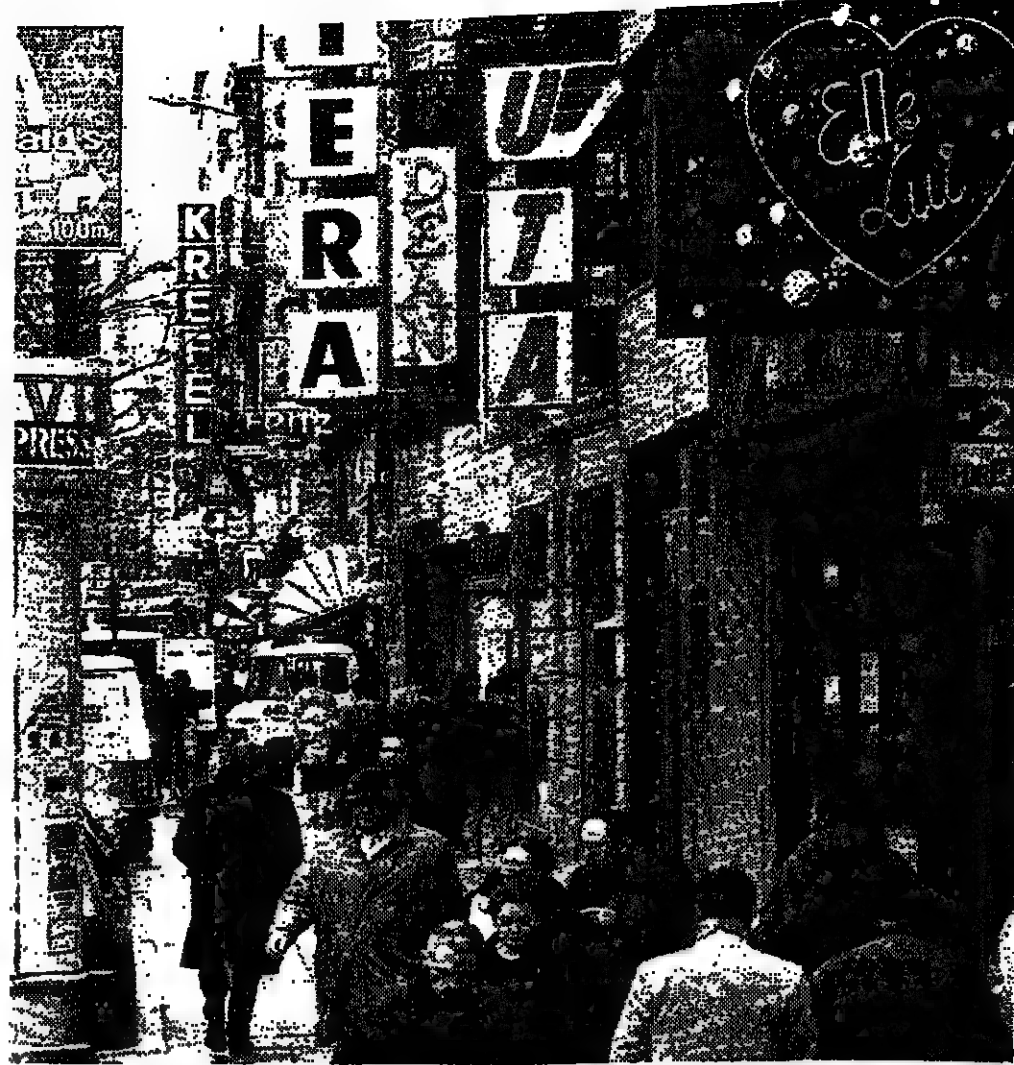
That approach is also recommended by Mr Chris Peacock of Jones Lang Wootton. "You need expertise and, most importantly, you need people to devote a lot of time to finding the product. Otherwise you hear about everything last."

Mr Peacock thinks that small developers realise this and have been deterred. "When it comes to the crunch they have not got the resources to do it properly," he says. He reckons that, although many developers have shown an interest in the continental markets, there will be little action.

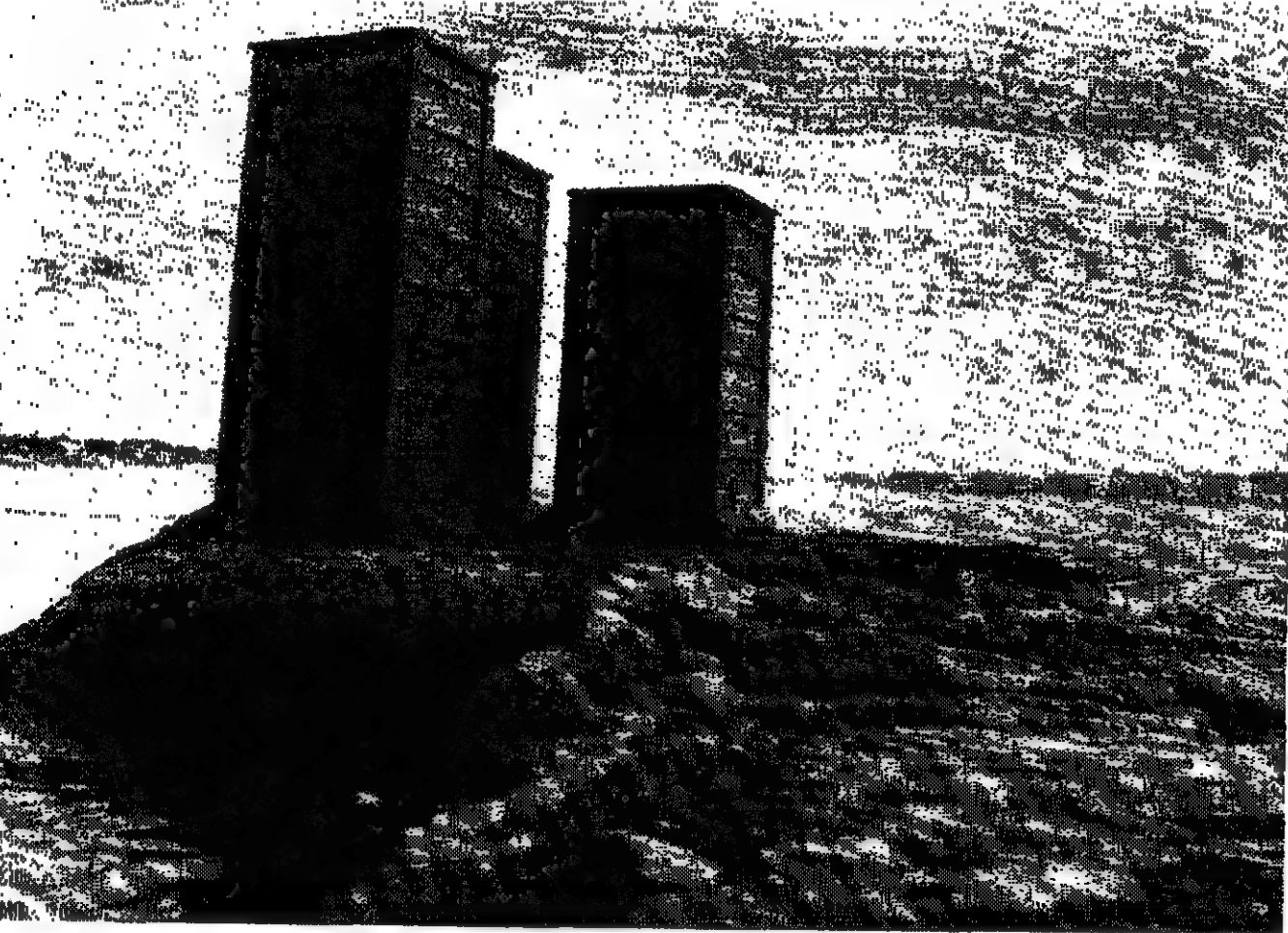
The ups and downs of the UK market may have distracted UK developers from continental forays. When times were good in the UK, they were fully occupied; now times are had they are not in an expansionary mood.

If so, it bodes well for the long term health of the continental markets. As shown by the experience of Brussels in the early 1970s, a new-found enthusiasm for a particular market can spell disaster. "One needs to tread pretty carefully with hot money around," says Mr James Tuckey of MEPC, which has developments in Germany and investments in Paris, Sweden and Austria.

The trouble is that everybody says Europe is the place to be."



Belgium was a magnet for UK developers. It ended in disaster, with a glut of office space



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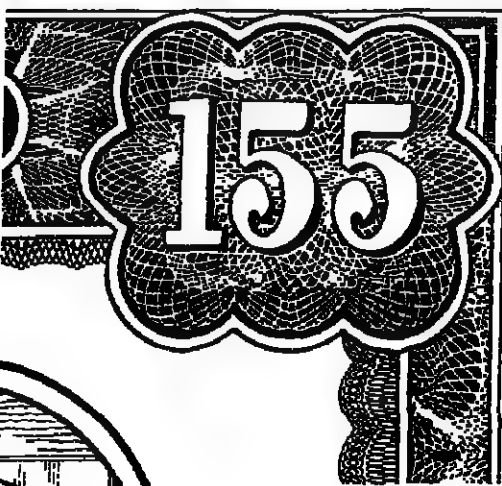
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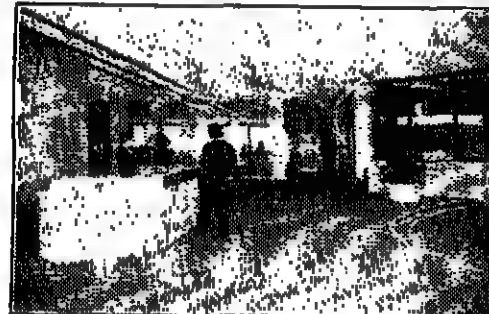
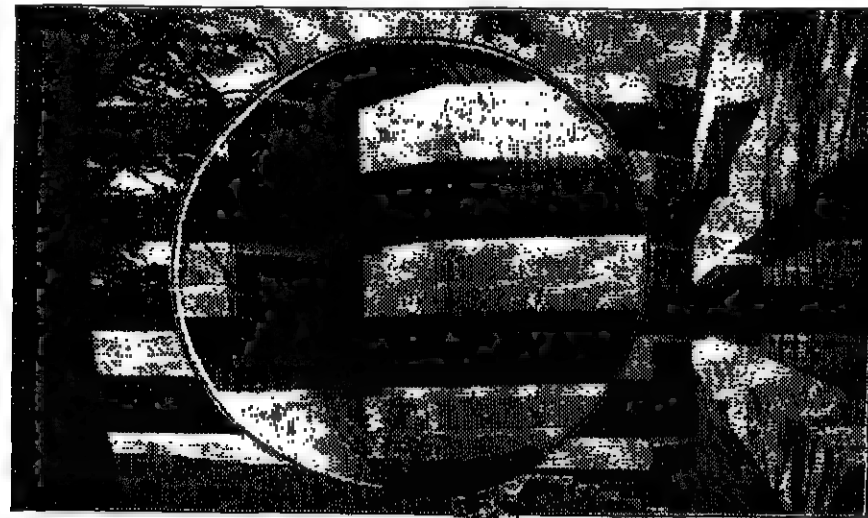
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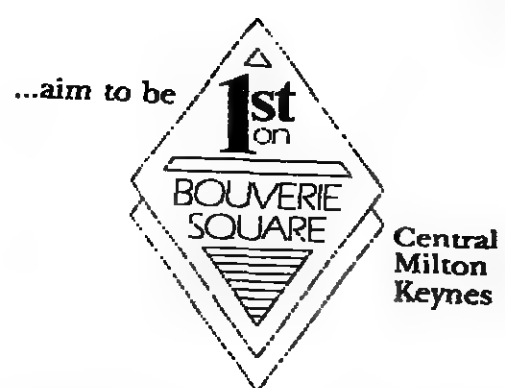
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**CONTRACTS & TENDERS**

**GOVERNMENT OF SRI LANKA**  
**SALE OF UP TO 60% OF SHARES**  
**OF CEYLON OILS & FATS LTD.**

Offers are invited from well established Food Millers/Oil Millers with proven experience in the promotion of  
production, collection and processing of Soya Bean and Maize for the purchase of up to 60% of the issued  
share capital of Ceylon Oils & Fats Limited.  
The Head Office and Factory of Ceylon Oils & Fats Limited are located at Seeduwa - a coastal village 20  
kilometres North of Colombo. It has a land extent of 45 acres which will be leased out from the Government  
of Sri Lanka on a long term basis, and has the following facilities:

1. Two Proverder Plants - capacity production of 40 MT per hour.
2. New Solvent Extraction Plant - capacity input of 50 MT per day.
3. Refining Plant - production capacity of 30 MT per day.
4. Fatty Acid & Glycerine Plant - capacity input of 19 MT per day.

Ceylon Oils & Fats Limited manufactures Oils, Animal Feed, Fatty Acids and Glycerine.  
It is the intention of the Government to promote a large number of farmers in the country to engage in the  
cultivation of Soya Bean and Maize. The Food Millers/Oil Millers are expected to participate directly in the  
promotion of the cultivation and the collection and purchase of Soya Bean and Maize. The Bidders should be  
able to enter into contracts with producers/cultivators and undertake to provide technical information, seeds  
and other inputs and guidelines.

The Food Millers/Oil Millers should in addition agree to depend solely on locally produced inputs like Soya  
Bean and Maize and also explore markets abroad for export of raw products or finished products.  
Proposals should contain a definite commitment to future investment in the promotion of the cultivation of  
Soya Bean and Maize within a period of four years from the date of acquisition of shares. Proposals should be  
submitted by the Bidders together with the following documents:-

1. Firm/Company Profile
2. Audited Financial Statements for the last 2 years.
3. Banker's Reference.

Financial proposals should contain definite investment plans including means of financing and clearly  
indicate the extent of infusion of foreign capital, if any.  
Sealed bids should be delivered in person or sent under registered cover or other means to reach the Chair-  
man; Cabinet Appointed Tender Board for Divestiture of Ceylon Oils & Fats Limited, Ministry of Agricul-  
tural Development & Research (Procurement Unit) 2nd Floor, Agrarian Services Department Building, No.  
42, Sir Marcus Fernando Mawatha, Colombo 7, before 2.30 pm on Friday 28th December, 1990 or should be  
deposited in the Tender Box kept for this purpose at the said address before 2.30 pm on the said date.

Bid Forms could be obtained from the Chairman of the Tender Board on payment of US \$ 100/- or the  
equivalent in Sri Lankan Rupees.

A pre-bid meeting will be held at the Head Office of Ceylon Oils & Fats Ltd., Seeduwa at 2.30 pm on  
Friday, 23rd November, 1990 with the prospective Bidders or their representatives to apprise them of the  
salient points of the Bids.

Technical proposals will be evaluated initially. Financial proposals will be evaluated on a date which will  
be notified to the prospective Bidders by the Chairman of the Tender Board for the Divestiture of Ceylon  
Oils & Fats Limited.

Bidders or their Authorised Representatives will be eligible to be present at the opening of Bids.

For further particulars relating to Ceylon Oils & Fats Limited and for appointments to visit the sites  
concerned, please contact the Chairman, Ceylon Oils & Fats Limited, Seeduwa. Telephone: 0303537. Telex:  
21256 FATSCO CE. Fax No. 0303537.

**MINISTRY OF AGRICULTURAL DEVELOPMENT AND RESEARCH**  
(Procurement Unit)  
2nd Floor, Agrarian Services Department Building,  
42, Sir Marcus Fernando Mawatha, Colombo 7,  
Sri Lanka



## ARTS

## Arts Week

F|Sa|Su|M|Tu|W|Th  
9|10|11|12|13|14|15

## EXHIBITIONS

## London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has sent reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).

## Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 90 museums and monuments, including the Louvre, Musée d'Orsay and Versailles. Galerie Daniel Malingue. Maitres impressionnistes et modernes. From a Pissarro gouache showing in hazy blues, greens and greys two women returning from the fields to a pleasing Berthe Morisot portrait of young girls framed in an open window, from white-toned Utrillo catching the essence of Montmartre to the poetry of Miro's flying star, Daniel Malingue has assembled works of rare quality to repre-

sent his favourite period. 26, ave Matignon (4266033). Open all days except Sun, Mon mornings and lunchtimes. Ends December 26.

Galerie Maurice Garnier. Bernard Buffet - La Bretagne. In his unmistakable spiky handwriting, the painter beloved by the Japanese, pays homage to Brittany's ports and beaches. 6, ave Matignon (4266166). Closed Sun, Mon and lunchtimes.

Musée des Arts Décoratifs. Panoramic wallpapers. If a wealthy French bourgeois of the 19th century felt the need for change in his comfortable but somewhat boring life, a panoramic decor covering the walls of his salon would instantly transport him to an exotic scene. There was an endless choice of subjects and locations - Peru with lush palm trees, crusaders liberating Jerusalem or the 1830 barricades in Paris. 107, Rue de Rivoli (2383314). Closed Mon, Tue. Ends January 31.

Haboldt and Co. The newly opened gallery presents in its luxurious setting a selection of old masters from Holland, Germany, France, Belgium and Italy with names as diverse as Ter Borck and Constable, Boucher and Tiepolo. 137, rue du Fbg. St Honoré (4295581).

Grand Palais. Picasso. A portrait of Jacqueline Picasso with her hands crossed round her knees is the symbol and the central point of an exhibition of 47 paintings, two sculptures, 40 drawings, 24 sketchbooks, 19 ceramics and 247 engravings and lithographs which have come to enrich, in lieu of death duties, the French national collections. The exhibition begins with the blue period and ends with the

obsessive erotic works of Picasso's last 10 years. A period whose importance has only recently been recognised. Closed Tue, Wed late closing, ends January 14.

## Brussels

Musée d'Ixelles. L'Impressionisme et le Fauvisme en Belgique. A major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expressionists, others such as Claus, Stobbe, Wouters have a distinct and increasingly valued style of their own. The finest show seen in Brussels for some time. Closed Mondays ends December 16.

Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development. daily, ends January 30.

Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 200 paleontological exhibits. Daily ends December 30.

Musée d'Art Moderne, Place Royale. The Goldschmidt Collection of modern painting. The collection left to the museum is on view in its entirety for the first time. Works by Braque, Chagall, Hockney, Klee, Miro and others. Closed Monday, ends December 15.

Centro de Arte Reina Sofia. After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Future: Italian art 1900-1994 is the most comprehensive show

organised to date on 20th century art. Fundación Juan March. Cars, Andy Warhol's unfinished series of car drawings and paintings, commissioned by Daimler-Benz on the centenary of the invention of the automobile, are now on view at the foundation on loan from Daimler-Benz in Stuttgart. Ends January.

## Barcelona

Museo de arte Moderno. Modernism. A comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its different aspects: including painting, posters, jewelry, furniture, stained glass, wrought iron and ceramics. Many of the items on show belong to private collections and have never been publicly exhibited before, others are museum pieces which have been specially restored for the occasion. An additional suggestion would be to walk around Barcelona's modernist area in order to admire some of its most important modernist facades. Ends December 20.

Palacio Dell'Esposizione. Yoko Ono chose Rome, "because it is a city we both loved" for her tribute to John Lennon. This multi-media show includes drawings, photographs, poems, musical instruments, paintings, sculpture and a portfolio of 15 lithographs made by Lennon and given as a wedding present to Yoko. Ends November 12.

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Dresden

Alberthum, Georg-Treu-Platz 1. Some 350 works by 170 artists who were expelled by East Germany during 1949-1950. This presentation aims to explain the difficulties of working under the communist regime. Among the artists are Georg Baselitz, Gotthard Graubner, Bernhard Heister, Gerhard Richter.

Hans van Manen. Netherlands Opera with the premiere of Glen Wilson's new production of *Il ritorno d'Ulisse in patria* by Monteverdi, directed by Piero Audi. Glen Wilson conducts a baroque ensemble playing authentic instruments, with Anthony Rolfe Johnson as Ulysses and Graciela Araya as Penelope. Elisa Monte Dance Collection with the world premiere of *The World Upside Down*, *Twelve East Bones*, and *Danza Dei*. Musiktheater (Wed) (255 485).

The Hague

Netherlands Dans Theater with *La Cathédrale engloutie* (Kyllian) Debussy and the world premiere of the new ballet by Philip Taylor and Jean-Christophe Mallot. AT&T Danstheater (Thur) (380 4980).

Berlin

Teatro Brancaccio. The Teatro Dell'Opera ballet now directed by ballerina Elisabetta Terabust, opens its autumn season with a ballet tryptic: *Amedeo Amadeo's Rocco e i suoi fratelli*, to Vitalba's music. Ben Stevenson's *Three Preludes*, to rachmaninov; and *Graduation Ball* by David Lichine to music by Johann Strauss. Alberto Ventura conducts the Teatro Dell'Opera

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Milan

Castello Sforzesco. The People of the Sun and the Moon: treasures of ancient Peru. Nearly 500 ceramics, gold objects, textiles and gems, together with a small but precious collection of ancient ceramics of the Moche civilisation, lent by museums in Lima. Ends December 9.

Venice

Palazzo Grassi. From Van Gogh to Picasso - from Kandinsky to Pollock. Opening with Picasso's 1931 *Woman with Yellow Hair* and closing with Fernand Léger's 1950 *Builders with Rope*, this exhibition provides a truly delightful center through modern art from the late 1870s onwards. Included in the group of paintings lent by the Guggenheim in New York are 32 works from the remarkable Thannhauser collection, none of which have been back to Europe since they were bequeathed to the museum in 1940. Justin Thannhauser's group include some fine Cézannes, two famous early Picassos, Le Moulin de la Galette and the Fourteenth of July, and excellent examples of almost every other artist of note (mainly French) you can think of. Ends December 9.

Cottbus

The art of collage from 1945-1980: The new Germany stitched, since George Braque established paper collages in 1915 this has become a part of modern art. This exhibition shows a variety of 160 works. Among the artists are: Hermann Glöckner, Willy Wöhl, Marianne Brandt, Herta and Paul Amir, Herbert Kuhn and Jürgen Boettcher-Straube. Ends Nov 25. Staatliche Kunstsammlung, Sternbergstr. 1.

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Hamburg

Romeo et Juliet has John Neu-

Günther Uecker and Rolf Szymanski. Ends December 2.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Until November 26.

Frankfurt

Staedel Museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amedeo Modigliani. For the opening ceremony there are four special exhibitions on the ground floor concentrating on Max Beckmann with works which have only been seen before in Leipzig, the hometown of the painter. Among the other artists are the American sculptors Richard Serra, Amedeo Modigliani and the German painter Per Kirkeby. Staedel, Schaumannkai 63. Ends January.

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Bremen

To commemorate the 100th anniversary of the constructivist painter Walter Drexler a retrospective is being held. He worked as painter, advertising manager and teacher. Ends Jan 13. Kunsthalle am Wall 207.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck nature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends January 5.

Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 400 works covering 30 centuries.

Pierpont Morgan Library. Treasures of Eton College Library covers 500 years of collecting including drawings of royalty, manuscripts and books among 200 borrowed objects.

Washington

National Gallery. The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces including drawings of royalty, manuscripts and books among 200 borrowed objects.

Chicago

Art Institute. One of Chicago's most noted contemporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.

Lipovsek. *Palestina* features Marilyn Schmege, Georgina von Benza, Peter Schrier, Bernard Weikl and John Broecker.

New York

Metropolitan Opera. James Conlon conducts the season premiere of *Salome* with Hildegarde Behrens, Helga Dernesch and Peter Kazaras in Nikolaus Lehnhoff's production. (382 6000).

Washington

The company's 35th season continues with *Salome*, in Sir Peter Hall's production conducted by Gerald Schwarz. Yoko Watanabe is Salome and Antonio Ordoñez is Rodolfo in Gian Carlo Menotti's production of *La Bohème* conducted by Vjekoslav Sutej. Opera House, Kennedy Center (416 7800).

Chicago

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Chicago

Lyric Opera



## ARTS

## A splendid, zestful monster

Patricia Morison on the great Lion of Venice



Alex Jennings: rare scope as Richard

## Richard II

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

To those who thought Shakespeare had crept out of topicality, *Richard II* puts this question: what should a political community do with a mercurial leader who presides over divided followers and exiles dissenters? Ron Daniels' exemplary production answers that in accounting for every aspect of this complex, tangled play. Shakespeare's Ricardian court questions the king's divine right to rule, and the subjects' responsibilities when he rules badly; and Daniels charges each moment of the play with that dual enquiry.

Anthony McDonnell's minimal set addresses the play's demands: beneath a classical front, a stark, monochrome court; within, a lush royal apartment; and behind that, a ruined warehouse as Richard's prison at Pomfret. The design always informs the action, and fits well with James Ingalls' quirky lighting which moves through the bold colours of the Coventry tournament to the autumn shades of York's garden. Orlando Gough's nagging score helps create an integrated atmosphere, making sense of difficult minor scenes like the desertion of Richard's Welsh supporters.

Alex Jennings as Richard delivers a performance of rare scope and capacity which serves the play's attention to Richard's motives. Why does he lose control of Bullingbrook and Mowbray, why stop them from fighting to settle their differences, and why sentence them so inequitably? Jennings' troubled cynic is tight-lipped in public and passionate in private. His histrionics have political edge, for he takes everything both personally and as head of state. He ends with achieved wisdom, a "kind of ease," and finds the gravitas he lacked as king. Jennings and Daniels have found reason and motive behind each line Richard speaks; and have made the character strong enough to endure change, likeable and

weak enough to demand sympathy and contempt.

Behind Richard, the court provides a bawling tableau. The mystery of the play, "who killed Richard's uncle, Gloucester?" turns on hearsay in a world where all truth reduces to claim and accusation: so combat and challenge are the only forms of exchange. The dispossessed Bullingbrook (Anton Lesser) looks likely to develop into the perplexed King Henry of the later plays. In the deposition scene, the tension between Bullingbrook's realpolitik and Richard's reticence turns the play's debate between right and fitness to rule into urgent, compelling theatre. Paul Jesson plays Bullingbrook's "ladder to the crown", Northumberland, as a sharp opportunist who collects what opportunity has given him: "My guilt be on my head, and there an end."

Shakespeare's women here do little more than wall and plead; but Yolande Vazquez's Queen Isabella melts to a tearful farewell with Richard, and Marjorie Yates as the Duchess of York powerfully negotiates the uneasy supposition scene with Bullingbrook. Among the elder statesmen, a tired John of Gaunt (Alan MacNaughtan) worries over the coming generation; the eulogy, "this England," is more a cry for help than the smug nationalism it often appears. And David Waller's superb acting gives the Duke of York an authority which represents continuity and principle in government: the scenes where he first reports and then pleads against his son for treason show a man reaching beyond personal interest for a common good.

In line, Daniels has conducted a production of weight and serious thought. He makes familiar speeches new without striving for novelty, and articulates the play's issues with unceasing clarity.

Andrew St George

Five years ago, they swung the great bronze Lion of Venice off his perch beside the Doge's Palace in the Piazzetta di San Marco. The 12th-century sculpture needed restoration but the lion was found to be in remarkably good shape. Happily it, and not a modern reproduction, will at some undecided date be winched back to bare its teeth at Venice's enemies. Meanwhile the beast is making celebrity appearances, courtesy of Fiat. Until January 13 it mounts guard in the entrance hall of the British Museum; next spring it will travel to Cologne.

Close to the Lion of Venice is a thrilling sight. Deprived of its prop, the open Gospel of St Mark, it crouches lower with its head slightly to one side, like a Great Dane asking to be taken for a walk. Its mane is a river of streaky curls and its jaws are like the slit of a letter-box. Sir Ernst Gombrich once pointed out that Landseer's somnolent lions in Trafalgar Square have distinctly human faces. The Lion of Venice has human ears and a little pointed moustache of which Hercules Poirot would be proud. However it is neither lion nor human, but a splendidly zestful monster.

Best of all, the lion is a mystery. Even now, experts remain continents and centuries apart in their views on who made the Lion, and when. It comes with a handsome book, *The Lion of Venice* (Albion Editions) wherein scientifically minded readers will find

details of the tests it has undergone: mass spectrometry, x-ray diffractometry, lead isotope analysis, differential thermal analysis, and more besides. Yet the puzzle remains: is the lion pre-Renaissance, classical, or Romanesque?

The Venetians have sent the lion to London with a theory, although it may not survive the trip. It applies to only a small part of what we see today because, as anyone can see, the lion is a patchwork. Its three vivid green paws are because a restorer called Ferrari was starved of funds so he used scrap metal and brass. He was also responsible for the lion's blind, white eyes of chalcidony, for its pedantic Neo-Classical wings, and its tail.

Ferrari reconstructed the lion after his previous, nearly fatal journey from Venice because Napoleon looted the lion and had it placed outside Les Invalides, its tail rest to hang between its legs. Humiliation indeed, but at least it had survived the iconoclastic fury of the revolutionaries who in 1797 destroyed some 1,000 of the Lions of St Mark, the proud symbol of Venice.

On the way home in 1815 the lion broke into fourteen pieces. Ferrari did his worst and then at the end of the last century Giacomo Boni, a more scrupulous restorer, made good much of the damage. Like Ruskin, he was convinced that the lion was a medieval masterpiece produced in a lion-conscious age, when kings kept lions in their menageries and snarling

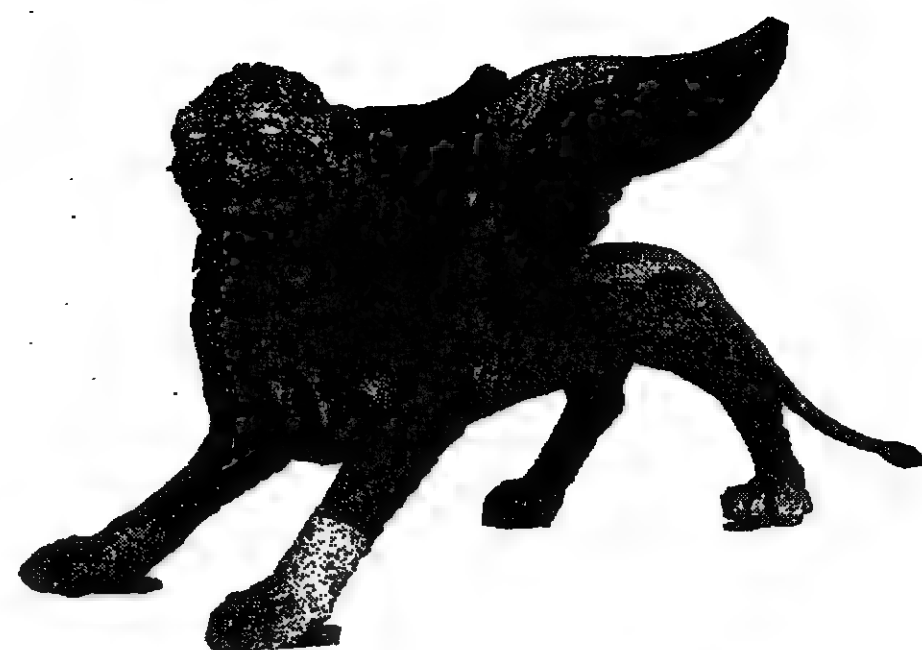
bronze aquamaniles stood on their dining-tables.

The lion was in place in 1298, when the Grand Council voted to put the wine duties towards restoring it. In its medieval guise it looked very different from today, and not much like the lion that Carpaccio painted. His famous canvas, "The Lion of St Mark" has come to the British Museum, leader of a pride of lions, carved, painted, carved, and engraved, which you will find in the useful exhibition upstairs.

Structural analysis has shown that in the middle ages, the lion was given a toupee of curls to cover gaps in its cranium. According to the theory, the lion once had horns. On its back are marks which show that once it carried something, or someone. In fact, the beast we see was originally it was a lion-griffin, one of the fabulous beasts which, colts, terracotta plaques and metalware show, haunted the artistic imagination of the ancient world.

The beast was cast, paws upwards, in about the 4th Century BC. The huge, naked rider poised on its back would have been the mysterious god Sandon, patron of the city of Tarsus in south-east Turkey. A few Hellenistic coins and steles from Tarsus show Sandon as a pacing lion who, with the eye of faith, is reasonably like the Venetian's beast. If they are only right, the lion of St Paul might have looked like this.

So the lion did not come to Venice as loot from the Fourth Crusade which in 1204 bloodily



The famous beast, now making a celebrity appearance at the British Museum

sacked Byzantium. Under the first Christian emperors, the vandals of the new faith would have been quick to demolish Sandon the god-rider. However, it may be that grudging admiration for the work of the ancient sculptor stopped them melting down the lion, the fate of so many monumental bronzes of antiquity. They merely amputated its devilish horns and wings.

At the time of the first Crusades, Venetian merchants trading in the Gulf of Alexandria could have spotted the scarred lion. With only a little tinkering their oriental pur-

chase became the familiar symbol of their city's patron saint, St Mark. Every medieval city had its patron saints, but how much more impressive to own the corpse of an evangelist. Proud Venice had its eyes on Rome, with its holy patrons Peter and Paul.

The body of St Mark had supposedly been in Venice since the 8th Century when two shady characters claimed they had stolen him from Alexandria. Civic pride and piety now demanded that St Mark should be promoted over the claims of St Theodore, whose statue still faces that of the

lion. And so, by a strange irony, the lion-griffin which had born a god of the underworld became a symbol of the religion that had overthrown its rider.

The lion recovered its wings, mounted its column, and soon became the symbol of the Venetian Republic. On November 16 an international conference will contemplate Sandon's steed. I recommend you to do the same. There are going to be more plausible ideas about how Venice got its lion, but I doubt anyone will devise a better archaeological shaggy dog — or lion — story.

## Kitchen Matters

THEATRE UPSTAIRS, ROYAL COURT

Chronic lack of funding is threatening to kill off Gay Sweatshop. Bryony Lavery's new play at the Royal Court just weeks — could be the beleaguered touring company's last production. But despite the obvious fervour of the gay and lesbian group's stalwarts, it is not immediately clear that *Kitchen Matters* is the right vehicle for their plea for a reprieve.

Lavery draws on Euripides' *Andromache* and Euripides' *Andromache* to create what is almost a moral tale about the damage that can be done if you suppress natural urges. The work opens with the disembodied voice of the author, describing her struggle to bash out a new play for the

company.

The play is redeemed by two elements. One is Lavery's talent for underlining the lampoonery. The homophobic, woman-hating villain — all hairspray and power shoulders in Stacey Charlesworth's performance — is an obvious target, and the theatrical caricatures are equally easy to draw. But Lavery doesn't flinch from pinning down gay stereotypes either: the leather-clad biker, the earnest activist, the enigmatic and a little mad, for example.

More important in rescuing the company from giggling pantomime is a performance of luminous brilliance from Peta Masters as Tricia, the play's second *deus ex machina* — Lav-

er herself is the first — come down to earth in the stiletto-heeled guise of an American floozy. Masters' interpretation is a subtle mixture of earthly vulnerability and Olympian power. Tricia brings about the villain's demise, but also provides her with the chance to escape her fate.

She also returns the killers to their various mainstream theatrical traditions unpunished. "You are a goddess," she tells the villain, "but you are not a goddess." "You came out of mainstream and for a while you were upstream," she tells them. As a justification for any fringe theatre, this is very finely put.

Andrew Hill

## OBITUARY

## Lawrence Durrell

Lawrence Durrell, who has died at the age of 78, was the most distinguished of the expatriate school of English writers. He lived in Provence and he wrote about abroad, notably about the eastern Mediterranean. His visits to London were rare but memorable. His short, stocky affable presence would enliven the company in an aura of conviviality. He was the easiest of men to talk to — as fluent, perceptive, wise, humorous, over a glass or two, as he was in his writing.

Durrell was born in India in 1912 but returned to England to attend St Edmund's School, Canterbury. He spent his pre-war youth in Paris writing poetry and fiction. His first novel *Pied Piper of Lovers* was published in 1935. At this time Durrell became friendly with Henry Miller whose candour in print on erotic matters influ-

enced Durrell's novel, *The Black Book: an Agon* published in Paris in 1938 but not in the UK until 1972.

Its portrait of a twilight world of artists and prostitutes, his richly textured writing, won Durrell a reputation among the literary elite but it was only after the war, which he spent mainly in Egypt, that he became famous outside the literary world. His great fame came with the publication of his *Alexandria Quartet* in the late 1940s. Its penetration of the exotic world of Alexandrian society, its brilliant depiction of members of different races in amorous and professional liaisons, its sensuous style, and its original time-scheme, greatly appealed to readers becoming tired of the angry young men.

Having discovered Durrell as a novelist, they then turned to

his delightful contributions to travel literature, the offshoots of his periods with the foreign service and the British Council, in *Prospero's Cell*, *Reflections on a Marine Venus* and *Sister Lemons*, his three island books, which deal, respectively, with Corfu, Rhodes and Cyprus.

That was the peak of his popularity. His later novels *Tunc* (1960), *Nemurum* (1970) though they show no falling off of his descriptive powers and his historical curiosity attracted much less attention. But from his villa in Sommières, Provence, his interest in strange human fauna remained as keen as ever, rivalling that of his brother Gerald. Lawrence Durrell's place in post-war English literature seems to be secure.

Anthony Curtis

## Delius and Puccini

COLISEUM

As you may hear from all sides, this is a double bill for which a leisurely early dinner is recommended. You will still catch *Delius* if you arrive by nine-thirty. That is hard on Delius, whose gentle little *Fennimore and Gerda* deserves a rare revival, and on the English National Opera who decided to stage one, and on the Delius Trust who sponsored it. And particularly on Charles Mackerras, who conducts both operas but plainly has a special affection for Delius's score.

First, one should be clear about what *Fennimore and Gerda* is not: it is not much of an opera. He himself called it "Two Episodes from the life of Niels Lyhne in eleven Pictures", having drawn his German libretto — selectively — from a long, much more depressive Danish novel by Jens Peter Jacobsen (whose *Gertrude* had already been set by Schoenberg). Despite the arbitrary up-beat ending devised by the composer, and the continuous romantic glow of his music, Beecham described the principals blimily as "three rather dreary people who have nothing to say." That was not quite fair, for the ENO principals sang what was on offer with gusto; the trouble is that only the composer's own voice is on offer, albeit generously. The singing roles are adjuncts to the orchestra, with nothing in their music to individuate them, and precious little story to help.

That is why Julia Hollander's decision to make her production a feminist critique of the opera is so ruinous. There just isn't enough character to criticize: unlike Jacobsen, Delius was

imagining a soft-focus idyll, in which even the painful moments are blessed with nostalgic languor. *Fennimore and Gerda* is a young woman (so is Gerda) but being wheeled in only at the end "years later", she doesn't matter) whose first cousin is Niels, a Writer, whose devoted boyhood chum Erik is now an Artist.

Both young men fall in love with Fennimore; she marries Erik, and they all become numbly depressed in the familiar Scandinavian mode. After Erik starts drinking heavily, the other two "admit their passion for one another", but when Erik dies in an accident Fennimore renounces Niels, who eventually marries young Gerda.

In collaboration with her stage-designer Uitz, Miss Hollander presents *Fennimore* as an obsessive collector of identical, very large white pots, which are filled with flowers to indicate summer, autumn, to indicate autumn, and later hung ritually into Erik's grave. (The under-employed chorus do the work; in their black practice-clothes we would take them for stagehands, if they weren't so portentously slow about it.) The drunken Erik attempts marital rape on his painting-scaffold, and overturns a paint-pot; Fennimore smears the redness everywhere, as if it meant something, and it continues to drip down his misshapen giant canvas while Niels and Fennimore grapple lustily in the puddle below.

During the Gerda-epilogue, Niels is glued to a home-movie of schoolgirls playing and tuning, while Gerda and her friends appear as grotesque adult caricatures of that girlishness. (With Gerda's magenta fringed wig, we know we're in the Kingdom of the Munchkins.) Niels is apparently paedophile — is there a feminine of that? — whom women appeal only when they pretend assiduously to be children. I haven't mentioned the wall of tea-chests labelled with their years (like vintage, nor a lot

of other silly things. Very little of the dense extra "business" is stage-worthy, for it consists in obtrusive literary puzzles: "Now, what does the producer mean here?" Miss Hollander read Philosophy and English at Cambridge.

Either she hates Delius or she has a tin ear, for the viable action is continually at odds with the music, and in the long run lethally. Though even the interludes are maimed by wilful intrusions, Mackerras makes the score radiant; Sally Burgess, Peter Coleman-Wright (Niels) and Adrian Martin (Erik) strive loyally to achieve what is absurdly demanded of them: the "Uitz" scene, cumbersome and visually messy, falls away below his best standard.

For Puccini's black farce, he has set rich Buoso's deathbed in a bare white morgue, which is visually OK but cripples the greedy relations' frantic hunt for the will — there's scarcely anywhere for them to look. Stephen Unwin has produced the opera as broad pantomime, quite lively, with unbridled face-pulling by everybody. The audience, many of whom had heard the opera and Uitz roundly after the Delius, fell about in relief. Amid so much conscious camping-about, Schlichi's climactic chest could register only a mock shock.

Benjamin Luxon gave a promising sketch of his but too little was actually sung rather than declaimed. Alison Hagley delivered a full-voiced "O mio babbino caro" with Anglo-Saxon dignity, and she has a dashing partner in her David Maxwell Anderson. Among their sturdy colleagues Marie Siorach's Nella was notably stylish in the ensembles, though those were sometimes too loose to put the best face on Puccini's determined light score. It was surprising to find so many words from Anne Collins' redoubtable Zita. Once they all relax, they can preen less and concentrate more.

David Murray

## ARTS GUIDE

## MUSIC

## London

London Philharmonic conducted by Simon Rattle perform Brahms' third and fourth symphonies (Fri). Royal Festival Hall, (926 8800).  
Leipzig Gewandhaus conducted by Kurt Masur in the last Brahms cycle programme: fourth symphony and second piano concerto with Alfred Brendel (Fri). Barbican Hall, (638 8891).  
English Chamber Orchestra conducted by Jeffrey Tate in a Beethoven programme. (Sat). Barbican Hall.  
Isaac Stern, Yo-Yo Ma and Emanuel Ax play Brahms. (Mon). Royal Festival Hall.  
English Chamber Orchestra conducted by Yehudi Menuhin in an all-Mozart programme. (Mon). Barbican Hall.  
Monteverdi choir conducted by John Eliot Gardiner in an all-Brahms cycle. (Tues). Queen Elizabeth Hall.  
Royal Philharmonic Orchestra conducted by Geoffrey Simon perform Walton's *Pastorale* (Wed). Barbican Hall.  
Isaac Stern birthday concert: London Symphony Orchestra with Yo-Yo Ma, Isaac Stern, Emanuel Ax, Beethoven triple concerto and violin concerto. (Thurs). Royal Festival Hall.

## Paris

Orchestre Colonne conducted by Bertrand de Billy, Lazzarini (Mon). Salle Pleyel (456 38 873).  
Marie-Josée Pires, piano, Augustin Dumay, violin: Beethoven (Tue). Théâtre des Champs-Élysées (472 03 837).  
Vlado Perlemuter, piano: Debussy, Ravel (Tue) Salle Pleyel (456 38 873).  
Rafael Orozco, piano: Mozart, Schumann, Liszt (Tue) Salle Gaveau (466 30 507).  
Orchestre de Paris conducted by Carlo Maria Giulini: Schubert (Wed, Thurs) Salle Pleyel (456 38 873).  
Orchestre National de France conducted by Neeme Järvi, Gidon Kremer, violin: Pärt, Schnittke, Sibelius (Thurs). Théâtre des Champs-Élysées (472 03 837).  
Mikhail Pletnev: Tchaikovsky, Mussorgsky (Thurs), Salle Gaveau (466 30 507).

## Frankfurt

Jochen Kowalski lieder recital, accompanied by the piano by Shelly Katz with works by Mozart, Beethoven and Schumann. (Sat). The Leipzig Gewandhaus-orchestra under Kurt Masur plays Brahms. (Thurs). Alte Oper.

## Amsterdam

Royal Concertgebouw Orchestra conducted by Jakov Friessberg, with Karine Georgian (cello). Puccini, Stravinsky, Concertgebouw (Fri).  
Imogen Cooper (piano) with the Netherlands Chamber Orchestra

conducted by Antoni Ros-Marba. Haydn, Mozart, Shostakovich. Concertgebouw (Mon).  
Netherlands Philharmonic and mixed choir, with Alexandra Coku (soprano) and Jari van Nes (contralto). Hartmut Haenchen conducting. Mahler's Second Symphony. Concertgebouw (Sun, Tues, Thurs).  
Royal Concertgebouw Orchestra conducted by Jakov Friessberg, with Frank Peter Zimmermann (violin), Dvorak, Stravinsky. Concertgebouw (Wed, Thurs).  
Berlin Philharmonic Quartet. Reger, Beethoven. Concertgebouw (Thurs) (718 345).

## Utrecht

Amsterdam Baroque Orchestra conducted by Ton Koopman. Mozart, Vredenburg (Sun, Thurs).  
Imogen Cooper (piano) with the Netherlands Chamber Orchestra conducted by Antoni Ros-Marba. Haydn, Mozart, Shostakovich. Vredenburg (Mon).  
Julillard Quartet. Mozart, Wolpe, Schubert, Vredenburg (Mon).  
Netherlands Philharmonic and mixed choir, with Alexandra Coku (soprano) and Jari van Nes (contralto). Hartmut Haenchen conducting. Mahler's Second Symphony. Vredenburg (Wed).

## Antwerp

New Belgian Chamber Orchestra conducted by Jan Caeyers with Louis Claret (cello) and Hakan Hardenberger (trumpet). Haydn, (Tues). De Singel.  
Monaie Symphony Orchestra conducted by Sylvain Cambreling. Berlioz, Caplet and Haydn (Fri). De Singel.

Helen Adams (soprano) accompanied by Kees Kessels (piano). Lieder: Richard Strauss (Wed). Koninklijke Vlaamse Opera.

## Brussels

Belgian National Orchestra conducted by Michael Schonwandt with the last of the 20 young people's music competition in a programme of Beethoven, Haydn and Sibelius. Palais des Beaux-Arts (Sat, 20.00).  
Monaie Symphony Orchestra conducted by Sylvain Cambreling with Frederique Cambréling (harp): works by Berlioz, Caplet and Haydn. Palais des Beaux-Arts (Sun, 20.00).  
Liege Philharmonic Orchestra conducted by Pierre Barboules performing Beethoven's Eroica symphony. Palais des Beaux-Arts (Mon, 20.00).  
Moscow Quartet playing Haydn, Schmitt, and the 20 young people's music competition in a programme of Beethoven, Haydn and Sibelius. Palais des Beaux-Arts (Tues, 20.00).  
Liege Philharmonic Orchestra conducted by Pierre Barboules with Ingrid Haebler (piano) performing works of Mahler and Mozart. Palais des Beaux-Arts (Wed, 20.00).  
BET Philharmonic Orchestra conducted by Georges Oeters with E Van Oosthuysen (clarinet) and Hakan Hardenberger (trumpet). Bruch, Cante, Delius, Respighi, Rossini, Vaughan Williams, Walton. (Thurs, 20.00). Maison de la Radio.

## Madrid

Spanish National Orchestra conducted by Luis Aguirre, with Gorgy Pauk (violin). Prokofiev, Shostakovich (Fri, Sat, Sun). Auditorio Nacional de Música (537 01 00).

## Barcelona

Orchestra Chant de Barcelona conducted by Sixten Ehrling, with Yefim Bronfman (piano). Brahms, Mozart, Sibelius (Sat, 20.00).  
Palau de la Música Catalana (528 10 00).  
Liege Philharmonic Orchestra conducted by Pierre Barboules with Ingrid Haebler (piano) performing works of Mahler and Mozart. Palais des Beaux-Arts (Wed, 20.00).  
BET Philharmonic Orchestra conducted by Georges Oeters with E Van Oosthuysen (clarinet) and Hakan Hardenberger (trumpet). Bruch, Cante, Delius, Respighi, Rossini, Vaughan Williams, Walton. (Thurs, 20.00). Maison de la Radio.

## Milan

Gianandrea Gavazzeni conducting Mandelstam (Fri, Sat, Sun). Also a concert conducted by Riccardo Muti (Mon). Teatro Alla Scala (80.19.20).

Orchestra Nacional de Música (537 01 00).

## Rome

Peter Quartet playing the six Mozart quartets dedicated to Haydn (Thurs). Teatro Olimpico (537 01 00).  
Piero Bellugi conducting, with mezzo-soprano Margaret Price in Mahler and Haydn (Sat, Sun, Mon, Tues). Auditorium in Via Della Conciliazione.

## New York

Philadelphia Orchestra conducted by Charles Dutoit with Barry Douglas (piano). Vares, Liszt, Rachmaninov (Thurs). Carnegie Hall (247 7400).  
New York Philharmonic conducted by Erich Leinsdorf. Stravinsky, Debussy, Beethoven (Tues).  
Erich Leinsdorf conducting with Malcolm Frager (piano). Copland, Debussy, Schumann, Beethoven (Thurs). Avery Fisher Hall, Lincoln Center (674 6770).  
Minnesota Orchestra conducted by Edo de Waart with the Dale Warland Symphonic Chorus. Verdi (Thurs). Carnegie Hall (247 7400).

## Washington

National Symphony conducted by Mstislav Rostropovich with William Stein (violin). Nicolai, Rossini, Beethoven (Tue).  
Zdenek Macal conducting with Tzimon Barto (piano). R. Sierra, Mahler (Thurs). Concert Hall, Kennedy Center (867 4600).

## Chicago

Leipzig Philharmonic conducted by Yuri Temirkanov with Viktor Tretyakov (violin). Tchaikovsky (Tue, Thurs). Orchestra Hall (435 2222).

November 9-15

## SALEROOM

## Top price for de Kooning

Christie's offered a multi-million-dollar-studded cast of contemporary art in New York on Wednesday evening — and some reassurance. Its results, reflecting its pictures, were far better than those at Sotheby's the evening before.

Almost all the big pictures sold, eight for over \$1m, the trade played its part, and there were even five auction records, albeit modest ones. The sale realised \$36,707,000 or \$18,632,994, against last year's \$37m (raised by 10 per cent fewer lots), and 77 per cent (half the pictures) found new owners.

De Kooning's "Summer", deemed to be of similar quality and rarity as "July" was a large and colourful Roman canvas of 1961 by Cy Twombly, executed with oil, wax crayons and pencil. It went to dealer Thomas Ammann for \$4.84m. Francis Bacon's "Portrait of George Dyer Staring into a Mirror" also sold on target, selling to a European collector for \$3.85m.

A network of Pollock drips — "Number 13, 1949" — and floating Rothko rectangles — "Tan and Black on Red" — also topped \$3m. The auction records were for Guston, Eva Hess (\$297,000), Jannis Kounellis (\$242,000), Agnes Martin (\$240,000) and Sigmar Polke (\$274,000). Conspicuous failures were Andy Warhol's silk-screen self-portrait, estimated at \$3m-4m and bought in at \$1.6m, and Jasper Johns' "Water Freezes", on which bidding stopped at \$1.4m.

Susan Moore



## FINANCIAL TIMES

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Friday November 9 1990

## The UK slides into recession

THE PICTURE painted by Mr John Major in his Autumn Statement yesterday was one of light at the end of a long tunnel. If the government were facing an election in the autumn of 1992 or early 1993, the picture he drew might have been rather comforting. For a government that must go to the polls by June 1992, it must look rather different.

With his forecast of negative economic growth in the second half of 1990, the chancellor has recognised that the UK economy is in recession. Over 1990 as a whole the growth of non-North Sea gross domestic product is forecast at 1 per cent. This is to be followed by 1/2 per cent in 1991. The Treasury's gloomy forecast for next year may well prove accurate and may even prove too optimistic.

Where the Treasury has been most wrong is on inflation. Year ago the forecast for the increase in the retail price index in the year to the fourth quarter of 1990 was 5/4 per cent; in the budget of last March it was 7/4 per cent; but now it is 10/4 per cent. Inflation, the previous chancellor said, is "judge and jury". If so, the government is guilty of mismanagement and the Treasury of misforecasting.

What then is to be the UK's inflationary virus? The Treasury forecasts the headline rate of retail price inflation at 5/4 per cent in the year to the fourth quarter of 1991. The picture is not unattractive, but it comes a year too late.

Though late 1990 and the first half of 1991 are going to be grim, the chancellor suggests that economic growth over the course of 1991 will be 3 per cent. In short, what the UK economy is now experiencing is expected to be a "short, sharp shock".

## Pay inflation

Two doubts must be raised. The first is whether a relatively short shock will eliminate the inflationary pressures. The question is how rapidly pay inflation will decline. Unfortunately, rapid decline will require a large increase in unemployment. The second doubt is whether a shock of that magnitude can be swiftly reversed. The Treasury indicates that the real rate of return of industrial and commercial companies will be some 40 per cent lower than its peak levels, by the end of 1991. Such a squeeze on profits hardly suggests a rapid recovery in output.

Given the forecast of only 2/4 per cent growth in exports,

rapid cuts in rates of interest are, presumably, to perform the trick. They may do so, but the lags are long and the opportunity may turn out to be imposed by the constraints imposed by ERM membership.

## Poll tax disaster

The picture of the economy is of disinflation that has come too late; politically, the picture of public expenditure is of control that may prove too severe, politically. To keep the planning total for 1990-91 within £1.6bn of the last year's forecast is an achievement. To keep the planning total for next year at £200bn, expected to be the same share of GDP as this year, is no less an achievement.

In real terms the planning total for 1990-91 is expected to be a year ago. Central government expenditure in 1991-92 is expected to be only 2 per cent up on 1990-91. This is a necessary compensation for a 3/4 per cent real increase in support for local authorities, which reflects the poll tax disaster. Again, in real terms the planning total for 1990-91 is below that expected a year ago.

The government remains committed to the traditional Treasury view of the world in Whitehall, so long as it can watch the blood of the spending departments run. In keeping the nominal increase in next year's planning totals to the 58bn with which the Treasury started, the Chief Secretary has shed a great deal of blood. Yet the result may be to make yet more voters feel that the problem of the UK is not too much public spending, but too few public goods.

With a public sector debt repayment still expected to be £30bn this year, the chancellor may at least have given himself room for a little tax cutting in his next budget. Since the UK remains wedded to its peculiar ritual of two half-budgets a year, no more than that can now be said.

The main issue is, in any case, the economy. This time the Treasury's forecasts could turn out to be right on inflation, but too optimistic on economic growth. In that case, it may give the government an election with both inflation and interest rates down, but an economy that is stagnant. For the party's managers, the overall picture remains that it has been for at least two years: the tunnel was entered too late and is likely to endure too long.

## Progress on global warming

A welcome measure of agreement on tackling global warming was reached this week by the 130 countries attending the World Climate Conference in Geneva. They have given their blessing to negotiations designed to culminate in 1992 with the signing of an international convention on global warming. This will have profound consequences for the world's economy, particularly for its energy and transport systems which depend on the burning of fossil fuels.

Environmental groups will not share this judgment of the Geneva conference. They were particularly disappointed by the failure of the US and Soviet Union to fall into line with Europe and Japan by embracing national targets for curbing emissions of carbon dioxide, the main greenhouse gas. The two countries are not only large carbon dioxide emitters, they are also highly inefficient in their use of energy, although for very different reasons.

Yet the hesitation of the US and the Soviet Union about following the lead of western Europe in agreeing to clear greenhouse targets at this stage is understandable. The US administration, in particular, has paid heed to the sceptical voices from within the scientific community about the degree of certainty which attaches to the main greenhouse predictions. It has also been struck, no doubt even more forcefully, by the limited appetite among the US population for immediate sacrifice designed to deliver a distant environmental benefit.

## Rejected initiative

The global warming accord in Geneva was signed on the very day that the voters of California, among the most environmentally conscious in North America, rejected by a two-to-one margin the "Big Green" initiative. Part of the explanation for this rebuff may lie in the well-funded campaign against Big Green, which

would have sharply increased environmental standards on everything from petrol emissions through to timber cutting and use of pesticides.

But Big Green's defeat also suggests the dangers of environmental demands running ahead of what voters - and businesses - are prepared to shoulder. A coherent programme to tackle global warming would require huge expenditure on the burning of fossil fuels. It is true that it would also produce substantial returns by improving the efficiency with which energy is used. But there is no point in expecting that sentiment in North America's industrial and business circles will move as quickly on this score as that in, say, Scandinavia. Indeed, it was something of a victory for the US to put its name in Geneva to a declaration recognising that active steps need to be taken to combat climate warming.

## Breathing space

The next two years before the scheduled signing of the global climate treaty will allow a breathing space for further scientific research. That said, however, the US needs to use the time to develop its position on global warming targets. The credibility of the international effort to combat global warming will begin to slip unless the US has enunciated before then targets for curbing carbon dioxide emissions.

Such targets should not be viewed solely as imposing a cost on the US. The US remains a gas-guzzling economy by the standards of the rest of the industrialised world. Reducing this waste would be one of the main ways in which the US could contribute to global targets for combating the greenhouse effect. The best approach will be to find a way to do this which does not rest solely on a big rise in energy prices, thereby awaking a backlash akin to that which sunk Big Green.

Autumn Statements rarely contain surprises, and 1991 is no exception. Public spending totals are almost exactly as expected. The official projections indeed show general government expenditure stable as a proportion of GDP at 39/4 per cent after the long fall of the 1980s. It would only take a small piece of bad luck or extra spending pressures for the ratio to start rising.

Again as expected, the estimate for the 1990-91 Budget surplus has been reduced from £7bn to £3bn. The assumption for 1991-92 is a bare balance. The UK is nowhere near a debt trap, but it is worrying that the balance is entirely dependent on privatisation and other asset sales.

With so much known on the public spending front, interest inevitably turns to the economic forecasts, not for some unique insight into the future, but for a revelation of the government's working assumptions. The fact of recession is now admitted. The US definition is two successive quarters of falling output. The Treasury forecasts are in terms of half years. They show a good 1 per cent fall in real GDP in the second half of 1990 and output on a plateau in early 1991. The outcome has only to be a decimal point or two below forecast for there to be a recession lasting three or four successive quarters.

But whether output rises or falls by the odd decimal point on the fallible and frequently revised official figures does not make a halfpenny worth of difference. The severity of the recession depends on how far actual growth, whether positive or negative, lags behind the growth of productive capacity, last estimated by the Treasury at 2/4 per cent per annum (excluding the North Sea).

In the three years, 1986-89, non-North Sea GDP was growing substantially faster than productive capacity, which was one sign of abnormally rapid demand growth. Another symptom was the swing into deficit of the current account of the balance of payments. Indeed, any responsible economic adviser would have to warn any government, Labour or Conservative, that this may well be the equilibrium or underlying rate consistent with non-accelerating inflation. He might hope that improvements in the labour market will eventually reduce that level, but he could not count on it.

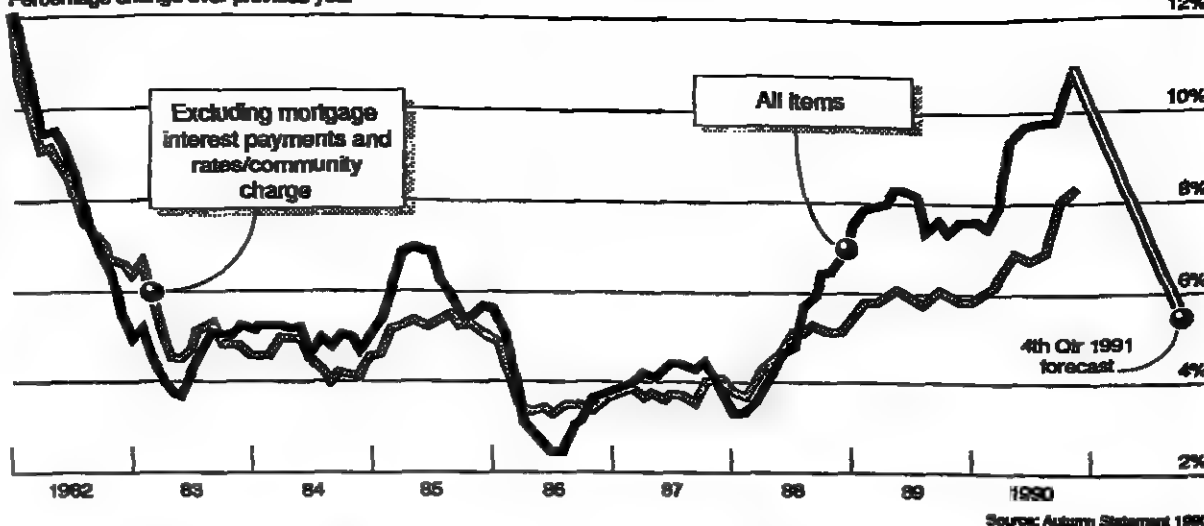
The official forecasts show a modest economic recovery in the second half of 1992, with output rising by 2 per

## Samuel Brittan analyses the economic assumptions behind the Autumn Statement

## The anatomy of recession

## RETAIL PRICE INFLATION

Percentage change over previous year



Source: Autumn Statement 1990

cent per annum. As usual there is the hackneyed question: where will the demand come from? A modest recovery is expected in consumer spending and fixed investment; but the most important element will be a much lower rate of stock reduction, compared with the first half of 1991.

Another well-known feature of the Autumn Statement is the expected fall in the headline rate of inflation from a peak of 11 per cent this October to 5/4 per cent in the final quarter of 1991. The outcome could be as low as 3/4 per cent or as high as 7/4 per cent - the Gulf is a huge joker.

But the overwhelming probability is that there will be a very large fall which will be a huge exaggeration of the underlying improvement. Just as mortgage interest rate distortions, the

Poll Tax, and higher oil prices have artificially boosted the headline rate since 1988, they will be depressing it in the period ahead. Having emphasised so much the underlying rate of inflation before, the government will have to live with other people emphasising it when Conservative Central Office would prefer to forget it. (The teenager's guide starts Monday week.)

A better idea of the more modest expected underlying improvement is the 1/4 percentage point fall in the growth of producer prices envisaged by the Autumn Statement. Another clue is the expected drop from 10 to 8/4 per cent in the growth of earnings over the next year.

The current payments deficit is not the nation's profit and loss account, nor any very direct measure of

year. It could be worse in 1991. The old adage about not making an omelette without breaking eggs applies. It is the cost of reducing wage inflation within an ERM constraint and similar to that experienced by France in the early years of the hard ERM. The sooner the credibility of the government's exchange rate policy is established, and the sooner business begins to plan on the assumption of no devaluation bailouts, the sooner the pain will be over.

It is meanwhile a little relief that the Treasury can come out in the open and admit that its forecasts are based on a stable sterling rate of just under DM2 to the pound, and does not any more have to hide the assumption from anyone at all.

What about health service terms? What about the demographics of it? What about technological advances? Labour can still defeat the Tories in any health debate, however unfair that may seem.

The real test of yesterday's statement will come next year, when it will be seen whether his guesses were wildly out, as the formal Treasury forecasts usually are, or acceptably inaccurate, or by some miracle spot on. Do not talk gloomily about recession, although technically we are in one, was his response to an angry Mr Smith. All will be well on the night, he indicated. "Inflation will fall, savings will rise, the trade gap will close, investment will be 50 per cent higher..." The trouble is that some of that is what he said at the same time last year; inflation now is about double what he forecast then.

He may be right; if he is the Conservative win, Mrs Thatcher has her fourth triumph, and Mr Major succeeds her. But after the shocks of the past few weeks, it is hard to avoid the feeling that the man we were listening to yesterday is the excellent, comforting, smooth, personable, self-confident, and always polite purser on the Titanic.

## An aspirin but hardly a cure

Joe Rogaly assesses Mr John Major's performance

king self. Hostile questions from others were easily deflected by a well-prepared chancellor.

The assembled Conservative ranks did not show themselves to be flustered by the performance at this performance, but even a neutral fish stare at the rear of the head of Mrs Margaret Thatcher's favoured successor must be counted as an improvement in Tory morale when compared with the past week or so. The aspirin may not have got them through last night, but it was effective for the afternoon. If the house had not been so subdued in the first place, the fact that Mr Major was clearly master of it would have been even more remarkable.

His effort to calm the markets was also a workmanlike performance, indicating the end of his period as an apprentice chancellor. Either by accident or design the Treasury had allowed the belief to emerge that the spending forecast for next year would

well exceed £200bn. Had it done so - had it reached, say £205bn or £210bn - the government would have been asking for trouble. The annual catch-up-by-their-expectations trick was performed once again, however, and £200bn was the figure announced. The financial secretary, Mr Norman Lamont, had had to do most of the juggling. He sat proudly by Mr Major's side as his immediate boss paid due tribute. The expectation that there would be no public sector debt repayment but rather a borrowing requirement was scotched, and the spending total, expressed as a share of gross domestic product, is shown to flatten, not rise, this year and next and to fall again thereafter. We shall witness the actual effect on the markets, if any, today.

Preparing the ground for the next election is rather more tricky. The opposition has an unanswerable case when it protests that the inflation that puts the real squeeze on this

year's spending is of the government's own making. Talk of so much more for this and so much extra for that is only to be expected when there is an election around the corner, but there is a widespread perception of peeling classroom walls, shared schoolbooks, long health service queues, inadequate roads, inefficient buses - the list is endless, and the only remedy is real improvements. Recitation of the statistics of extra spending, however validly based, will not do the trick.

This must be particularly galling when it comes to health. Mr Major spoke of a 5 per cent real increase in expenditure next year, when a questioner asked if he had used the health service index rather than that of retail prices Mr Major said that only made a one-point difference. On his reckoning NHS expenditure has risen by nearly 50 per cent in the Treasury's version of "real terms" since Mrs Thatcher came to power. But

national economic health. After many false excitements and alarms, the Treasury now expects the deficit for 1990 to come out at £15bn, as originally expected in the Budget. But there deficit is projected at £11bn. But there will be no shortage of doom-mongers who will relate it to stock reduction and warn of future rebounds. (The figures need to be taken with a large pinch of salt because of the huge favourable "balancing item".)

The decision to join the ERM at a fairly high, but realistic, rate implies a decision to give priority to the fight against inflation over the balance of payments: which is why the apostles of 1980s-type economics detest it so much. The best way to look at the payments deficit is via the official chart showing it declining as a proportion of GDP from 4 per cent in 1989 to 2 per cent in 1991. If it fluctuates around the latter level, it is, as the previous chancellor might have said, "readily financeable".

The best item in the Autumn Statement is that the UK share of world trade in manufactures, after falling for decades, has levelled out, whether judged by value or volume. As the new trend has been evident since 1983, it cannot be written off as a temporary or chance phenomenon.

The truly bad news is the estimated fall in the real rate of return earned by industrial and commercial companies to below 6 per cent. This is not nearly as dreadful as in 1975 or 1981. But the estimate refers to 1990, here and now, and not some future

## The ERM decision implies giving priority to fighting inflation over the balance of payments

year. It could be worse in 1991.

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## Deng's last puff

Can one man shake a nation's economy by simply stopping smoking?

Deng Xiaoping, China's octogenarian leader, may prove to be such a giant. Deng, who has been one of the world's legendary cigarette chomps, has given up after more than 70 years, according to his daughter Deng Lin. She has disclosed the news while on a visit to Tokyo.

Previously Deng, when challenged about the habit, has always made stout claims that smoking increases longevity. His late renunciation of the weed will set a lead by example within China - until now a nation of ferocious smokers. That, in turn, will have economic consequences for a country where tobacco is not only an important consumer item but represents an enormous slice of the agricultural sector.

China is, in fact, the biggest tobacco producer in the world, contributing more than 2.5m tonnes a year to the world crop of 7m tonnes. The Chinese also manage to smoke more than 2m tonnes of tobacco themselves every year. Sir Yue Kong-Pao, the veteran Hong Kong shipowner and businessman, who prides himself on his contacts among the world's top politicians, must feel pleased by the official news of Deng's conversion. Some time ago the tycoon, who is a sprightly 72 tomorrow and a fitness enthusiast, told his colleague in Hong Kong, "When I saw Deng recently I told him to give up smoking if he wants to live longer - and he has, just go and ask him".

## To chew on

Those lumps of polystyrene, called "peanuts" by some in the trade, which increasingly are being used for packaging are not to be said to be user

friendly. They have a nasty habit of falling out and sticking to the carpet when you unpack a parcel. In the US they are responsible for whipping up a consumer backlash. People are sending boxes full of them back to the supplier saying, "You get rid of this stuff".

The solution being adopted by some direct mailers is to substitute a natural packaging material, namely real popcorn. It is cheap, light, and is promptly disposed of by the average family.

Adweek's Marketing Week reports, however, that the US Postal Service, while not prohibiting popcorn packaging, will not recommend it. "Some critics along the way is bound to root it out and chew into the customer's mail," says a post office spokesman.

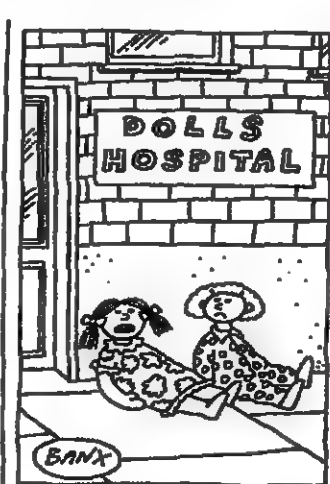
## Learning curve

Fallout is still being registered in the west after the recent visit of the high priests of private enterprise from the Chicago Mercantile Exchange to the new capitalists of Moscow.

Leo Melamed, the guiding light behind the Chicago mission, is telling a story of his efforts to demonstrate to the Russians how well-known is the exchange's Globex electronic trading system for futures contracts.

During a seminar in Moscow organised by the exchange Melamed was button-holed by a representative from a commodities exchange at Ryzan, 125 miles outside Moscow, who wanted to join Globex. His qualification was that he had a computer. Melamed agreed that Chicago's two major futures exchanges should send out representatives for the launch of the new exchange.

But the Russian exchanges are still at a very primitive stage of development and offer



Little more than a forum for barter. Their exchanges will sell anything that anyone gets hold of, concludes the Chicago men. "Of course, it is just for mauling the black market," says Melamed with disarming frankness about the nature of Russian futures markets.

The gulf between trading attitudes in Chicago and Moscow was illustrated when, during a Kremlin reception, he asked to be put through to Chicago "to check my futures position". He was offered refreshments instead.

## Roma reborn

A local newspaper called Roma hit the news stands in Naples yesterday after a break of 10 years.

That a Neapolitan daily should be named after the Italian capital testifies more to mid-19th century nationalist idealism than modern geographic or marketing logic.

Roma is, in fact, one of Italy's oldest newspapers, which is now reborn. It stood for Italian unification when

Rome was still held by the papacy. It soldiered on until 1960, when it went down with the wreckage of the shipping and business empire of Achille Lauro.

The revived paper is being backed by three local businessmen. Its editor, Ottorino Gurgo, is promising that it will be above party and an authentically independent voice on the problems of that most politically sensitive region of Italy, the mezzogiorno.

## Typical men

Better to be of average height if you want to get on in the Japanese civil service. There has been such a run on formal morning suits ahead of Emperor Akihito's enthronement that Japan's protocol chiefs have removed employees who are very tall or very short from the roster of "greeters" who will look after foreign VIPs.

Faced with the need to kit out hundreds of men to accompany distinguished visitors from 158 nations, the Foreign Ministry turned to a Tokyo department store which usually stocks a wide range of court wear.

But so many people have bought the formal morning suits which are required for next week's festivities that the store is completely out of non-standard sizes.

"Which means we are having to give priority to standard-sized people," a ministry official says.

## Writers' block

Samuel hosts an annual casino evening for the ever-swelling ranks of personal finance journalists.

This year, the organisers included a quiz containing what they thought were easy questions, such as, "what is the current base rate?"

Only two of the 40 participating journalists got it right. The FT was not there, I'm relieved to report.

## The buy-out craze crossed the Atlantic.

Now it's crossing the Channel - and warming business hearts.

Buy-out funds are à la mode, modisch, de moda: in any language, in.

Do fools rush in? Get The Economist now. For angels' sake.

The Economist

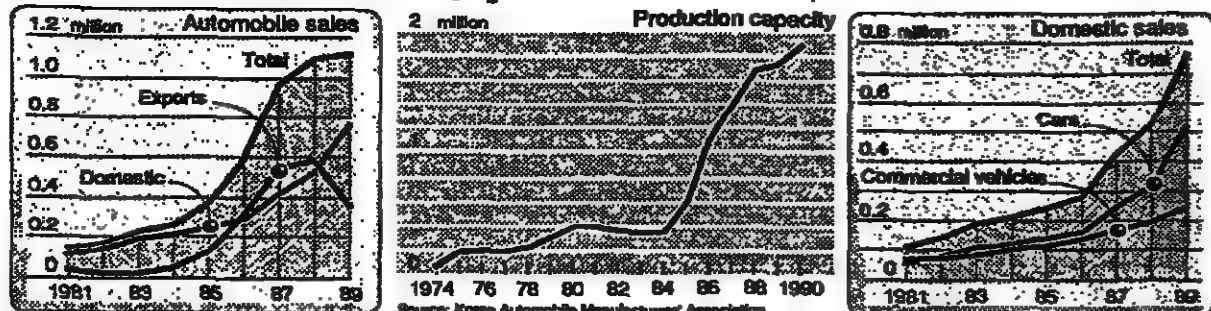
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Kevin Done on the South Korean automobile sector's bid to penetrate the Japanese, European and American markets

## Breakneck expansion to catch up with west

South Korean automobile industry



Imports or for Korean consumers having much of a chance to compare domestic and foreign competition. "It is true there are complaints in some foreign markets about Korean cars," he admits, "but Korean consumers are satisfied with Korean cars. Considering income levels there are not so many people that need to use imported cars."

Certainly sales of imported cars are unlikely to grow very fast as long as the government keeps up its present high profile campaign against "luxurious consumption".

It has been made known - nobody appears quite sure from which channels the suggestion first emanated - that buyers of imported cars will become favourite targets for investigation by the Korean tax authorities.

While the most visible barriers to car imports have been removed in the past three years, not least in response to pressures from the US, and tariffs on imported vehicles reduced - they are currently set at 30 per cent - Korea's car makers can probably count on more subtle forms of protection for some time to come.

Car imports grew from 27 in 1987 to 355 in 1988, 1,537 in 1989 and 2,058 in the first nine months of 1990. Sales were dominated by the starting success of just one car, Ford's Mercury Sable imported from the US. One swallow does not make a summer in Korea, however. While Sable sales took off from the launch a year ago to average more than 250 a month from November to April, they have dropped like a stone to less than 100 a month since June, apparently under the impact of the campaign against over-conspicuous consumption.

If imports hardly pose any imminent threat to the expensive ambitions of Korea's vehicle makers, they face a host of other challenges both domestically and in foreign markets, which lead some industry observers

to be sceptical about the chances of Korea emulating the auto industry achievements of its role model, Japan.

A recently published report based on the Massachusetts Institute of Technology five-year study on the future of the automobile claimed that the revolution achieved by Japanese vehicle makers in the automobile production system - the whole process stretching from the initial input of consumer wishes through design, development and engineering to manufacturing and sales and marketing - has created an enormous gulf between the best of the Japanese

**Korea's vehicle makers face a host of challenges, prompting some industry observers to voice scepticism about Korea's chances of emulating the achievements of its role model, Japan**

vehicle makers and their rivals in North America and Europe and not least in the newly industrialising countries, such as Korea.

Japanese so-called "lean production" is more than a match for low-wage mass production, says the study. "Lean production dramatically raises the threshold of acceptable quality to a level that mass production, particularly in low-wage countries, cannot easily match." At the same time lean production offers "ever-expanding product variety and rapid responses to changing consumer tastes, something low-wage mass production finds hard to counter except through ever lower prices."

ing demand. Korean producers had to cut prices to try to sustain sales just as production costs were soaring. Korean sales in the US fell by 50 per cent between 1988 and 1990, says the MIT report. "The next Japan was no longer the next Japan."

The opening up of Korean society and the pressure of demands for improved social conditions, higher wages and shorter working hours, have had a deep impact on the international competitiveness of the Korean motor industry. At Hyundai, the dominant domestic producer, wages rose by 23 per cent in 1987, 25 per cent in 1988 and 22 per cent in 1989. The pace slowed to 9 per cent in 1990, but there is a feeling of unease that the respite may be only temporary.

At the same time labour conflicts have hit the industry hard. Although the number of days lost through strikes has fallen this year, the sight of riot police breaking up with tear gas a strike by Hyundai shipyard workers earlier this year in the company town of Ulsan, is hardly conducive to positive labour relations and high quality work on the neighbouring car assembly lines. The car workers mounted sympathy strikes.

One response by Hyundai has been to invest heavily in automation. It is currently bringing into operation at its Ulsan industrial complex, which is claimed to be the single largest production site in the world, a new \$550m, 300,000-a-year car plant, which includes 267 multi-axial welding robots in the body shop. Some 85 per cent of body welds will be automated.

The automation is aimed at maximising both efficiency and quality in each phase of the assembly process. At the same time Hyundai began last year a five-year plan to invest \$1.3bn in development and engineering technologies with the aim of moving towards the goal of gaining technological independence from Japan. Hyundai launches its first domestically developed engine next year. It is seeking to develop a capacity to cope with greater model variations and shorter production runs, and to improve both quality and productivity.

The Korean motor industry has already overcome enormous obstacles to establish itself as the world's 10th largest vehicle maker in little more than two decades.

As it tries to leap another five rungs in the next decade - in the process overtaking established vehicle-making countries such as Italy, the UK, Spain and Canada as well as the Soviet Union - the challenges that loom are even more intimidating.

While production capacity grows inexorably at home, sales and distribution networks remain seriously under-developed both domestically and overseas, foreign markets are already at bay in the face of the Japanese challenge, and the necessary transformation from mass to lean production is only at a tender, formative stage.

"The Machine That Changed The World, Ransome Associates, New York.

## LOMBARD

## Unravelling the skein of Europe

By John Lloyd

It is a good thing for the country that the British are being called on to think about their place in Europe. It would have been alarming had the debate - or rather the many debates - not been forced to the surface. We should congratulate ourselves on having a prime minister who compels us to think about our views, and to beware of the smooth men on all sides of politics and in all countries who talk of the "inevitability" of closer integration, or who seek to downgrade the matter by waffling about the continuation of nation states in the near future.

Politics cannot be inevitable, and the only things that will continue are pressure and change. We are undergoing a political upheaval - much, though not all, of which is due to "Europe" - and it has sent fault lines running through established political thought and practice.

Market liberals find themselves divided, because some see European Monetary Union and the creation of a Eurodollar as a Bundesbank writ large, as a huge step forward for the market cause. Others fear it because they believe that the "deepening" of European institutions cannot be counterpointed by a "widening" to take in the emerging democracies of eastern Europe.

Further, we now see the emergence of a group - of which the prime minister is at least an occasional member - who might be called market liberals in one country. They do not believe that the European Community, or any supranational institution, can act as they have acted (or at least, spoken) for the last 15 years. They now tend to make common cause with the more or less enthusiastic patriots of the right, who may never have been very keen on market liberalism but were always keen on Country. They are now prepared to risk (or welcome) a decline into chauvinism to beat back the continental threat. The successful plotting of these two strands in the Thatcherite Tory party - the Market and the Nation - is now being

The hard pounding of the

past weeks has made this process clear. Ultimately, we must hope, it will do the same for the unravelling waiting to be revealed on the left. Mr Neil Kinnock, the Labour party leader, has not been able to oppose the prime minister comprehensively in this context because his party is not yet clear how "European" it is.

Nor can it be. Its adoption of social democratic attitudes and policies has been swift and efficient, but for that very reason it has not rationalised all its views. There are senior figures in the party who have not reconciled themselves to a politics where they are deprived of the levers they were accustomed to believe were available to Labour ministers. There are few beyond the hard left who believe that purely national parliaments can any longer effectively control transnational corporations and international capital, or who do not realise that the world has changed greatly since their party was last in government.

But this is a different matter from either liking the situation or being prepared to throw in their lot with a federalist project which they regard productive only of a flabby politics that can be manipulated easily by capital. The argument between them, and the parliamentarians who see in "Europe" a chance to save some social democratic values and policies, waits to erupt.

Add to this the fears, common to all shades of opinion, that the "democratic deficit", or lack of popular support for and interest in the European level of parliamentary politics, is still vast and apparently unchangeable (especially since it is to the national level which we instinctively and reasonably look to guarantee our national rights), and you have, at least, the contours of a political debate about Britain's place in Europe and the world which has been only sporadically heard in the last two decades. It often goes under the name of sovereignty, but that is to mislabel and constrain it. It is assumed to be a British problem, and that may be true in part; but by its nature it will drive deep into the politics of all member countries.

## LETTERS

### Wrong to absolve the City of short-termism

From Mr Ronald Dove.  
Sir, Unless Paul Marsh cutting through the conceptual fog (November 7) has better arguments than your editorial comment ("Short-termism reappraised"), he should not be allowed to get away with the notion that capital markets should be absolved of fomenting short-termism.

It is not only, as your editorial suggests, fear of takeovers which keeps managers nervously watching their share price, anxious to feed it with a good earnings record now and not in five years' time. There are at least four other ways in which the structure of capital markets pushes the Japanese industrialist into short-term considerations less than his British counterpart:

● The predominance, among his shareholders of "cocked-in friends" - his bankers, insurers, suppliers, distributors and joint-venture subsidiaries etc.  
● The small weight, among the other shareholders, of funds managed by frenetic index-busters - especially the unit trusts which, as the son of a banker, I am sure, turn over portfolios more tempestuously than other categories.

● The fact that no one pretends the stock market is an honest place. Rigging is rife, known to be rife and accepted as part of the natural order because people still have the quaint belief that the making of things and the providing of services is more worthy than making money through speculation, however computer-programmed the crystal-ball "system" used. Hence managers do not see fluctuations in their share price as reflecting the judgement of "their best-informed peers". They are not touched in their ego.

● The debt alternative to equity is provided by well-informed bankers who are also in business for the long term because their shareholders are like the industrialists.

Capital markets are not the source of all the institutional determinants of short-termism, of course. Executive compensation schemes and high rates of managerial job mobility have a lot to do with it too. But complacent absolution of our City institutions is not helpful.

Ronald Dove,  
Japan-Europe Industry Research Centre,  
Imperial College,  
Prince Consort Road, SW7

### The benefits of duty free

From Sir John Egan.  
Sir, There are two important points to make about Mr Peter Tray's comment (Letters, November 5) regarding duty-free goods.

First of all duty-free goods represent excellent value with discounts of up to 40 per cent compared with the average high street prices for main brands of spirits and tobacco. The popularity of this can be judged by the millions of people who buy them and it is in response to this demand that shops are provided.

As Mr Tray concedes the rev-

enues help keep down the cost of travel which is why the charges at BAA's airports are lower than at many others.

The second point is that the customer can get the best of both worlds, particularly at our newest terminals, such as Heathrow Terminal 3 and Gatwick North where there is sufficient space for all passenger requirements and there are shopping malls to add interest to their journeys as well as profit to our shareholders.

John Egan,  
chief executive, BAA,  
130 Wilton Road, SW1

### When a Hornet is a Tomcat

From Mr Timothy Woodcock.

Sir, I like to read my father's FT and the reporting is usually to a very high standard but on November 2 in page 22 the picture is of an F14 Tomcat and not an F18 Hornet as stated. The twin tailfins on an F18 are much further forward than

on the F14. Flying a single seater, the F18 pilot needs good rear vision so the rear section of the canopy is tapered and not flush with the top of the fuselage as on the F14 pictured. Timothy Woodcock (age 11),  
18 Walshe Avenue,  
Chipping Sodbury, Bristol

### D-MAC: culprit not victim

From Mr Alan Burkitt.

Sir, Ray Snoddy's article ("Sorry plight of MAC the orphan," November 6) on the likely demise of the D-MAC television standard, following the merger of Sky and BS2, does not examine an alternative view of victim and culprit. Perhaps it was D-MAC which killed off BS2 mark 1, rather than BS2 mark 2 killing off D-MAC.

The Independent Broadcasting Authority (IBA) invented MAC and, from this standpoint, insisted - with the backing of the Department of Trade and Industry (DTI) - that the satellite contractor should use it in preference to well-established PAL.

Yet it was clear from the start that D-MAC receivers would be significantly more expensive than PAL systems, for limited benefits. Engineers in the IBA may have drooled over the better picture they said was possible with MAC. Neutral observers could hardly tell the difference and, in any case, viewers choose satellite receivers for the programmes available, not so that they can watch stars wearing checked jackets that do not stroke.

It was a technology at the very early stage of development - MAC transmissions could not be recorded on domestic video cassette recorders (VCRs) for example and should never have been imposed on (a remarkably and naively willing) BS2.

When BS2's contract was

awarded, no D-MAC receiver chips had been designed and production quantities were years away. BS2, however, apparently believed this task could be achieved in record time. It was this almost inevitable delay, about which many warned, which more than anything crippled BS2's competitive position against Sky.

D-MAC never had a chance of becoming a pan-European, still less a world, route to high-definition television (HDTV). Its bandwidth is too great for relay down the communal aerial systems of continental apartment blocks. So the French and Germans chose another system, D2-MAC, though that too has been shunned by the programme companies. The German channels on Astra, on Eutelsat II and on Germany's own Kopernikus satellite use PAL, not D2-MAC.

Ultimately, BS2's abandonment of D-MAC may improve the chances of getting a truly worldwide HDTV system - if people want it. The Japanese have already developed a system. It was the European MAC lobby which threatened to split the television world into incompatible camps.

When the prices of receivers are reasonable, the PAL channels on Astra, or any other satellite, could offer alternative high-definition transmissions. Then the market, not the IBA or the DTI, will decide. Alan Burkitt,  
PO Box 143, SES

### Friendly satellite TV services

From Mr R.C.V. Macario.

Sir, The merger of the Sky and BS2 satellite broadcasting services should not have come as a surprise. The use of geostationary satellites for broadcasting and telecommunications was, as is well known, put forward in a paper by Arthur C Clarke in 1945. In this paper, written from King's College, London, the principal argument for suggesting space satellites was to reduce the proliferation of high-power terrestrial radio services.

If we are to follow Mr Clarke's advice the government, through the Trade and Industry Department should be seeking to reduce terrestrial television by, for example, not planning to use channels 35 and 37 for broadcasting. Moves in this direction could encourage the more electromagnetic

friendly satellite TV services and possibly boost the British electronics industry.

The philosophy of competition in public telecommunications services does not always work. For example we have recently seen the coming together of the personal communications network (PCN) licences. If the radio spectrum was cleared of some of the high-powered terrestrial TV transmissions and given over to PCN operation elsewhere in rural areas, systems could be rolled out much more quickly, with lower development cost and lower cost to a greater number of end users. The writing is now on the wall and we should take note.

R.C.V. Macario,  
Department of Electrical & Electronic Engineering,  
University College of Swansea



## The AMEX Bank Review

*In memory of Robert Marjolin*

The editors of The AMEX Bank Review are pleased to announce the winners of the 1990 Essay Competition in international economics and financial markets held in memory of Robert Marjolin. A former adviser to the Review, Professor Marjolin was the first head of the OECD (then the OEEC), Vice President of the European Commission, and one of the leading architects of the European Community.

The first prize essay is available from the Editors. All the essays, summarised in the November issue of the Review, will be published early in 1991 by Oxford University Press.

### FIRST PRIZE \$25,000

Lawrence J. Brainard  
Bankers Trust Company  
"Reform in Eastern Europe: Creating a Capital Market"

### SECOND PRIZE \$10,000

Paul C. De Grauwe, University of Louvain  
Eric J. L. Vrooman, Bank Brussels Lambert  
"Speculative Dynamics and Chaos in the Foreign Exchange Markets"

### THIRD PRIZE \$5,000

Roy C. Smith, NYU/Goldman Sachs & Co  
Ingo Walter, New York University  
"Reconfiguration of Global Financial Markets in the 1990s"

### SPECIAL MERIT AWARDS \$2,000

Nominations indicated where appropriate

Polly Reynolds Allen, University of Connecticut  
Jerome L. Stein, Brown University  
"The Real Exchange Rate: Can it be Explained and is it a Basis for Policy?"

Bernard M. Hoekman (Netherlands), Michael R. Lohy (USA)  
General Agreement on Tariffs and Trade (GATT)  
"Contingent Commercial Policies and the Credibility of Financial Market Liberalization"

W. Willem Boonstra  
Amro Bank, Amsterdam  
"EMU and National Budgets: An Alternative to the Debits and the Free Market Approach"

Howard Murrell, US Department of Commerce  
Russell C. Krueger, Federal Reserve System  
"Devaluations and the US Trade Deficit"

Michael Davenport (UK)  
Independent Consultant  
"Pegging to the ECU: An Exchange Rate Strategy for Eastern Europe"

Adam Schwarz (USA)  
Pier Eastern Economic Review, Jakarta  
"Indonesia's Economic Boom: How Banks Paved the Way?"

Ramona Iudichian (USSR)  
UNCTAD Secretariat  
"Ruble Convertibility and Soviet Economic Reform: An Interdependent Paradigm"

Magdolna Székely  
Economic Research Institute, Budapest  
"Building New Financial Structures: Reflections on the Hungarian Way"

### THE 1990 AWARDS COMMITTEE

Professor Raymond Barre, former Prime Minister of France, former Vice President of the European Commission; Lord Roll of Ipsden, President, S.G. Warburg Group plc; Bruce MacLaurin, President, The Brookings Institution; Bahnam Nowzad, Chief Editor, International Monetary Fund; Kevin Pakenham, Chief Executive, John Gove & Co. Limited; Richard O'Brien, Chief Economist, American Express Bank Ltd.

Details of the fifth annual essay competition (entry deadline July 1st 1991) will be available in early 1991 from the Editors, The AMEX Bank Review, American Express Bank Ltd., 60 Buckingham Palace Road, London SW1W 0RR.













## INTERNATIONAL COMPANIES AND FINANCE

## Alfa Laval up strongly to SKr315m

By Robert Taylor in Stockholm

THE recovery of Alfa Laval, the Swedish dairy equipment and process engineering group, continues, judging by yesterday's 24 per cent increase in third-quarter profits.

Profits after financial items rose to SKr151m (\$77m) from SKr125m to leave profits after nine months ahead by 16 per cent at SKr1,056m. Orders for the nine months improved by 17 per cent to SKr11,926m, with a third of the gain arising from acquisitions.

Earlier this year, the company forecast a 15 per cent growth in sales and profits for 1990, and it is on track. Alfa Laval's profits last year were SKr1,486m.

"Unlike many hard-pressed Swedish companies, we are not so sensitive to economic downturn because of our food processing and environmental protection operations," said Mr

Lars Kylberg, president and chief executive. He remains confident that Alfa Laval can average a 15 per cent annual growth rate over the next five years.

"Of course there is no such thing as a recession-proof company," he said. "There are certainly clouds on the horizon."

He said a fall in demand could be seen in a number of its key export markets, notably North America and the Nordic region. Nor could Alfa Laval be immune from the economic problems of eastern Europe and business uncertainty caused by the political situation in the Middle East.

Alfa Laval is growing fastest in its food processing business, where the company's operating income rose by 44 per cent in the nine months to SKr147m following a 24 per cent increase in sales to SKr3,151m.

The company's industrial business, which makes equipment for food processing and accounts for around a half of sales, enjoyed 14 per cent growth in nine-month sales, to SKr2,346m.

There was also satisfactory growth in the agricultural business sector, covering mainly milk and dairy products. Here there was 21 per cent improvement in operating income to SKr262m, and 17 per cent growth in sales to SKr2,486m.

The company's restructuring of core operations through decentralisation into autonomous operating areas, along with cost-cutting and increased investment in research and development, appears to be paying off.

Alfa Laval has also benefited from an aggressive acquisitions strategy in the US and

western Europe. Over the past three years alone the company has purchased 22 businesses with accumulated sales of SKr46m. Mr Kylberg estimates as much as 20 per cent of total income this year derives from acquisitions made since 1985.

He points out, however, that Alfa Laval's divestment of interests in biotechnology and fish farming also helped the recovery.

The financial power base of the company was strengthened through the release of some SKr20m of capital tied up in low-yielding assets. This enabled it to purchase acquisitions from its own internally generated funds.

"It is a strong point that we have self-financed our growth," said Mr Kylberg. "It has ensured us a positive cash flow and provided the company with flexibility."

## Microsoft accused of unfair trade practices

By Louise Kehoe in San Francisco

MICROSOFT, the world's largest personal computer software company, has been charged with using its market dominance to limit competition in an anti-trust suit filed this week by a southern California maker of computer "tools".

Z-Nix of Palmdale, California, claims that Microsoft employed bully tactics to prevent it from selling a computer "mouse" that competes with a similar Microsoft product. The suit also alleges that Microsoft breached an agreement to license Z-Nix to sell Microsoft's Windows program bundled with its mouse.

Z-Nix is seeking triple damages of \$4.5m and affirmation of its Windows licensing agreement with Microsoft.

"It is time for us to stand up to Microsoft's unfair trade practices and stop the slow death of innovation in this industry," said Mr Thomas T. Chan, a software law expert representing Z-Nix.

"While we negotiated in good faith and began executing marketing programs against an agreement, Microsoft was using its market clout to muscle us out of another market. The little company has no chance playing with these rules on Microsoft's field," said Mr Frank Yeh, vice-president of sales and marketing at Z-Nix.

Z-Nix is a five-year-old company with projected sales this year of \$5m. Microsoft's revenues for the fiscal year ending in June were \$1.18bn.

Microsoft officials said they had yet to receive a copy of the complaint, but noted the company was "surprised" to learn of the suit because it had been in discussions with Z-Nix.

Microsoft also claimed it had reached only a "verbal and very preliminary agreement" with Z-Nix over software licensing and that efforts to finalise an agreement had so far been unsuccessful. The software company declined to comment on the specific accusations raised in the anti-trust suit.

## NCR stock rises on talk of merger with AT&amp;T

By Louise Kehoe

NCR's stock price rose sharply yesterday following a report that the company may be in merger talks with AT&T.

Both companies declined to comment on the report and an NCR spokesman noted there had been "perennial rumours" of an AT&T acquisition of NCR which had come to naught.

NCR rose to \$56 1/4 at mid-session, up from a Wednesday close of \$48.

The reported merger talks could not be confirmed, but industry analysts said they would not be surprised if AT&T were to merge its computer operations with those of another US company.

AT&T has been struggling to build its computer business for several years but has so far met with only moderate success.

Analysts said AT&T's computer operations were not profitable.

Rumours have been rife that AT&T would make a significant acquisition to boost its presence in the computer

market with high-performance machines.

Currently, AT&T's product line is limited to desktop computers and minicomputer-class machines with a strong emphasis on computer networking.

Among the companies mentioned as possible acquisition targets, apart from NCR, is Unisys, the struggling \$100m computer and defence group whose stock is currently trading at less than \$3, following heavy losses.

NCR would, however, be a more attractive target, analysts noted. The company, one of the oldest in the computer business, is weathering the current industry turmoil better than most of its competitors.

For the first nine months of this year, NCR revenue grew 5 per cent to \$4.39bn while net income fell 3 per cent to \$588m.

NCR is a strong supporter of AT&T's UNIX computer operating system and recently overhauled its product line to adhere to industry standards for "open systems".

## Further lay-offs at CS First Boston

By Nikki Tait in New York

THE CHILL winds blowing through Wall Street have claimed another 45 jobs, this time at CS First Boston. The global investment bank said it had dismissed just under 10 per cent of staff from its equity division and expects further job losses in the organisation generally in the coming months.

Also departing from the investment bank is Mr William Mayer, head of CS First Boston Merchant Bank. This is the latest in a line of top management changes at First Boston.

Mr Mayer, aged 50, was demoted as First Boston Corp's president and chief executive last January and given charge of a new merchant banking subsidiary. He was replaced by Mr John Hennessey, chief executive of First Boston's holding company, CS First Boston.

Yesterday, however, First Boston maintained Mr Mayer had been responsible, in particular, for solving the problem of the bank's \$1.1bn tranche of troubled "bridge loans", and this situation was fairly close to resolution.

Officials at the investment bank declined to specify how many jobs would go, but it seemed possible there would be more cuts before Christmas.

The cuts are likely to be spread across the bank's domestic operations. The layoffs at First Boston are the latest in a round of redundancies by leading Wall Street employers: Morgan Stanley, Prudential-Bache and Citicorp have all announced significant cuts in recent weeks.

First Boston axed 200 jobs last April in a move which meant the bank's staff numbers had been pruned by around 1,000 to 4,700 since the October 1987 stock market crash.

Mr Merrill Lynch said it had cut its investment banking staff by an additional 80 people, or 8 per cent, to 876 bankers over the past week as part of a reorganisation in which it plans to trim several hundred jobs, Reuters reports.

## Fujitsu airs doubts on ICL status

By Michael Skapinker in Tokyo

FUJITSU of Japan fears it may lose many of the benefits expected from its ICL acquisition if the UK computer manufacturer is expelled from European research projects.

Mr Masataka Ogi, president of Fujitsu Laboratories, the group's research company, said yesterday ICL's European status was one of the main reasons it decided to buy the group from STC, the UK telecommunications company.

"I think if ICL is separated from the European networks, half of the meaning would be lost," he said.

There was no suggestion, however, that Fujitsu would ever abandon the deal, said Mr Ogi.

Some European electronics executives have said that ICL should be expelled from publicly-funded EC programmes such as Esprit, Eureka and JESS when it passes into Japanese hands at the end of this month.

Mr Ogi said ICL would remain sufficiently separate from Fujitsu to retain its European character. "In deciding how to proceed, we will take into account their European operations," he said.

In return for ICL retaining its membership of European programmes, Fujitsu was prepared to support greater European participation in Japanese programmes.

## Asko close to acquiring Co op

By Andrew Fisher in Frankfurt

ASKO, the German retail concern, is close to acquiring Co op, the supermarket and do-it-yourself business which has been losing heavily for the past two years.

Deutsche Genossenschaftsbank (DG Bank), which holds a majority of Co op's shares, said yesterday negotiations with Asko were advanced. Asko itself declined to comment, but has called a press conference for Monday.

DG Bank and BIG (Bank für Gemeinwirtschaft) were left with 67.5 and 22.5 per cent respectively of Co op's shares after foreign banks declined to participate in further capital restructuring. The deal will conclude a turbulent episode in

Germany's retailing history, with Co op having plunged into a confusing array of financial and managerial problems after a period of rapid growth.

Last year, it made an operating loss of some DM250m (\$168m), down from DM370m in 1988. It has forecast a trading loss of around DM150m this year. Co op said yesterday, however, that extraordinary proceeds from the sale of regional and specialist outlets would leave it with a net profit of around DM100m.

So far this year, its disposals include 120 supermarkets in west Berlin to an east German co-operative, 400 supermarkets in south and south-east Germany to REWE, the private

retailing group, 47 self-service department stores to Promodes, the French distribution company, 89 do-it-yourself outlets to Stimmus in Germany, and 170 supermarkets in Hamburg to two German co-operatives. This has left Co op with 850 food stores in the western area of Germany, with a turnover of about DM40m.

Next year, it hopes for a net return of 1 per cent on these for a small profit of up to DM40m. It was because of the decision to reduce Co op's size that Mr Hans Friederichs, the former economics minister and chief executive of Dresdner Bank, stepped down in May as the head of the company's supervisory board.

## Premier advances 21%

By Philip Gawth in Johannesburg

PREMIER GROUP, the South African food and consumer products supplier, increased profits in the six months to the end of September following results from its food division and the entertainment group CNA Gallo. The dividend is going up by 12 per cent to 28 cents a share.

Turnover rose by 20 per cent from R2.1bn (\$840m) to R2.58bn. Mr Peter Wright, chief executive, said the increase was "extremely gratifying" given trading conditions characterised by widespread violence, consumer boycotts, and labour unrest.

Operating profit was only 11 per cent up at R158.4m, but lower finance charges saw the pre-tax figure rise by 21 per cent from R100.1m to R121.2m.

The new company - Handelsblatt-Dow Jones GmbH - will have an initial capital of \$1m and plans to develop joint advertising, circulation and distribution arrangements between The Wall Street Journal's European edition and Handelsblatt in Germany and elsewhere in Europe.

Dow Jones said the venture would also explore new English-language publishing opportunities between the two parent companies.

The new company will be based in Frankfurt and will have as members of its board of directors Mr Dieter von Holtzbrinck, president of the German company and Mr Peter Kann, president of Dow Jones.

Handelsblatt has a circulation of more than 140,000 and also publishes Wirtschaftswoche, a business weekly. The German company also owns Scientific American, a US magazine.

The Wall Street Journal said its European edition, launched in 1983, has a circulation in Europe of over 50,000. Dow Jones recently said the European edition of The Wall Street Journal was making losses mainly because it was ploughing back money into its expansion projects.

## Dow Jones in publishing joint venture

By Alan Friedman in New York

DOW JONES, publisher of The Wall Street Journal, and the von Holtzbrinck Group of Germany, which publishes Handelsblatt, the leading German business daily, yesterday unveiled a new joint venture to co-operate in current and future English-language publishing in Europe.

The companies are already equity partners in several European ventures including Groupe Expansion of France and Euxepansion, a network of national language business publications in a dozen European countries.

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## Renault adds to Volvo shareholding

By John Burton in Stockholm

INDUSTRIALIDEN, the Swedish investment company affiliated with Svenska Handelsbanken, yesterday sold its 5.6 per cent voting stake and 2.2 per cent equity stake in Volvo to Renault for SKr260m (\$47m).

Renault agreed to buy 10 per cent of the equity and voting rights in Volvo on the open market as part of its cross-ownership deal with Volvo announced in February. The Industrialden deal marks a significant step for Renault, which now has a 6.2 per cent voting share in Volvo and a 4.5 per cent equity interest.

Volvo's main shareholders include interests associated with Svenska Handelsbanken; the Swedish construction concern Skanska; the Swedish state; Sweden's co-operative movement; and Skandinaviska Enskilda Banken.

Several of them have said they are not interested in selling their stakes to Renault, raising doubts about whether the company can acquire its 10 per cent stake quickly.

## Sale of energy assets helps Placer Dome lift earnings

By Bernard Simon in Toronto

PLACER DOME, one of North America's leading gold producers, almost quadrupled its third-quarter earnings, thanks to the proceeds from the sale of oil and gas assets. Increased gold output and slightly higher prices.

Net income jumped to C\$83.5m (US\$72.3m) or 36 cents a share, from C\$21m or 8 cents, with earnings from continuing operations rising to C\$29.9m from C\$13.2m. The gain from the oil and gas properties was C\$54m. Revenues rose to C\$296.8m from C\$257.9m.

Earnings for the first nine months of 1990 were C\$199.8m, up from C\$99.3m a year earlier. The latest figure includes a gain of C\$113.8m from the oil and gas sales.

Vancouver-based Placer's share of gold output totalled 1,041m oz in the first nine months, 22 per cent higher than last year.

Average cash production costs dropped by US\$8 an ounce to US\$242/oz. The company realised an average price of US\$420/oz.

Forward sales contracts have been arranged for 300,000 oz of 1990 production at an average price of US\$443/oz, and 544,000 oz of next year's output at a price of US\$450/oz.

The Porgera mine in Papua New Guinea started commercial production on September 1. Placer's share of output, including pre-production allocations, was 22,400 oz at a cash production cost of US\$65/oz. Total production costs were US\$156/oz.

## Brascan profits slide 42%

By Robert Gibbons in Montreal

BRASCAN, the Canadian financial services, consumer products and resource holding company, suffered a 42 per cent decline in profits for the first nine months, but it expects an improvement in the fourth quarter because of higher energy earnings.

A fall in the mining and minerals sector explained most of the drop in overall earnings. Brascan, the core company of the Peter and Edward Bronfman interests of Toronto, controlled John Labatt, Trilon Financial and many other companies. Trilon's income now contributes slightly more than the resource group.

Third-quarter profit was C\$27.5m (US\$23.7m) or 19 cents a share, down 61 per cent from C\$57.9m or 78 cents a year earlier, on revenues little changed at \$2.5bn.

Nine-month profit was C\$124.6m or \$1.08 against C\$218m or C\$2.24, on revenues of C\$7.8bn, against C\$7.1bn. Loblaw, Canada's largest food distributor, earned C\$28m or 32 cents a share in the third quarter, up 46 per cent, on sales of C\$2.6bn, ahead 6 per cent.

Nine-month profit equalled 76 cents a share, against 54 cents on sales of C\$6.4bn, a 6 per cent increase.

## Wal-Mart growth continues

By Nikki Tait

THE relentless growth at Wal-Mart, the third largest retail chain in the US, continued in the third quarter of 1990, with the company reporting a sales advance of 36 per cent and earnings per share up 25 per cent.

Total sales during the three months to end-October stood at \$7.93bn, compared with \$5.28bn in the same period a year earlier.

The figure was helped by more new space coming on stream: a net 85 new Wal-Mart stores opened in the quarter, together with nine Sam's wholesale clubs. These sell discounted goods to members and

aim largely at the small business customer base.

Interest costs were \$45.4m, up from \$39m a year earlier, but net profits still progressed from \$232.7m to \$283.5m. Fully diluted earnings per share rose to 25 cents, against an adjusted 20 cents in the third quarter of 1989.

Wal-Mart, whose recent growth contrasts with the experience of many other companies in the US retail sector, said the "overall economic uncertainty" was providing challenges, but confirmed it was "well-positioned to achieve our plans for the balance of the year."

## REDEMPTION NOTICE

Notice is hereby given that Stonehouse Limited has elected to redeem a portion of its US \$3,255,000 10% Notes due October 30, 1993 (the "Notes"), such portion to be equal to a principal amount of \$1,963,000 and to be applied ratably to all of the Notes. The Notes will be redeemed on November 30, 1990 at a redemption price of 100% of the principal amount thereof being redeemed, together with interest accruing to the date of redemption, at the office of Cititrust (Bahamas) Limited, the Paying Agent, in the Citibank Building, Thompson Boulevard, Nassau, The Bahamas.

Payment of the redemption price of the Notes will be made upon presentation and surrender of the Notes to be redeemed together with all appurtenant coupons maturing subsequent to November 30, 1990 at the aforesaid office. Interest on the portion of the principal of the Notes being redeemed will cease to accrue on or after November 30, 1990. All interest accrued to November 30, 1990 will be paid at the aforesaid office on or after the aforesaid date upon presentation and surrender of the Notes.

THE PRIVATE TRUST CORPORATION LIMITED

NEW ISSUES November 7, 1990



## Fannie Mae

\$400,000,000  
8.40% Debentures

Dated November 13, 1990 Due November 10, 1995  
Interest payable on May 10, 1991 and semiannually thereafter  
Series SM-1990-O Cusip No. 313588 T 66  
Callable on or after November 10, 1993

Price 99.875%

\$450,000,000  
9.50% Debentures

Dated November 13, 1990 Due November 10, 2020  
Interest payable on May 10, 1991 and semiannually thereafter  
Series SM-2020-B Cusip No. 313588 T 74  
Callable on or after November 10, 1995

Price 98.8281%

The debentures of November 10, 1995 and the debentures of November 10, 2020 are redeemable on or after November 10, 1993 and November 10, 1995, respectively, in whole or in part at the option of the Corporation at any time (and from time to time) The redemption price of the debentures of November 10, 1995 will be 100% of the principal amount redeemed plus accrued interest thereon to the date of redemption The redemption price of the debentures of November 10, 2020 initially will be 106 62% of the principal amount redeemed plus accrued interest on the principal amount redeemed The redemption price of the debentures of November 10, 2020 will decrease annually on each November 10, commencing November 10, 1996 through November 10, 2015, as will be set forth in the Supplement to the Guide to Debt Securities Information statement relating to those debentures The amount payable for any redemptions on or after November 10, 2015 and at maturity will be equal to 100% of the then outstanding principal balances, plus accrued interest

The debentures are the obligations of the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States, and are issued under the authority contained in Section 304(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1718 et seq.).

The debentures, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae

This offering is made by the Federal National Mortgage Association through its Senior Vice President-Finance and Treasurer with the assistance of a nationwide Selling Group of recognized dealers in securities Debentures will be available in Book-Entry form only There will be no definitive securities offered

Gary L. Perlin  
Senior Vice President-  
Finance and Treasurer  
3900 Wisconsin Avenue, N.W., Washington, D.C. 20016

Linda K. Knight  
Vice President  
Assistant Treasurer  
3900 Wisconsin Avenue, N.W., Washington, D.C. 20016

This announcement appears as a matter of record only This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the Debentures.

## CANAL+

## CANAL + NINE MONTH REVENUE UP 22.7%

(Paris, November 5, 1990) CANAL +, Europe's largest pay-TV network, sold today that its consolidated revenue of September 30, 1990 had increased by 22.7 per cent over the year-earlier period. On a comparable basis, consolidated revenue growth was 12.2 per cent.

## CONSOLIDATED REVENUE AT SEPTEMBER 30, 1990

(FF millions)	Sept. 30 1990	Sept. 30 1989	% change
TELEVISION (Parent company)	4,077	3,627	+ 12.4%
MANUFACTURING (Antennas France)	377	10	N.S.
OTHER (Other consolidated companies)	30	18	+ 66.7%
TOTAL REVENUE	4,484	3,655	+22.7%

The number of subscribers remained stable over the third quarter, as a result of seasonal factors and the decision to suspend registration of new subscriptions as of September 1 1990.

Revenue figures in the above table do not include sales of the group's foreign subsidiaries, which are consolidated by the equity method. All of these operations are experiencing fast growth in subscriptions. There are over 32,000 subscribers in Belgium, 54,000 in Spain (where broadcasting began last September 14), 70,000 in Germany and 35,000 in Sweden.



entidad binacional AGUAPEY AND TACUARY  
BROOKS  
PROTECTION WORKS.

## INTERNATIONAL PUBLIC BID. CONTRACT Y-C2

Entidad Binacional Yacyretá (YACYRETA BINACIONAL ENTIDAD) calls for International Public Bid to contract completion of Aguapey and Tacuary Brooks Protection Works, being carried out on the right side of Paraná River There may participate in this Bid any Joint Ventures constituted by domestic (Argentine and Paraguayan) companies, associated with foreign companies, of renown technical expertise and capability to complete works similar to those hereby being subject to Bid, which companies should also show such juridical, economic, and financial capacity, and such equipment as are required by the Contract Documents. Tenders shall include financing for a hundred per cent of all currencies of the Bid, including the national Paraguayan and Argentine currencies. This Call is opened to all Contractors and Suppliers from the member countries of the IBD and the IBRD, from within these bidding proceedings, the Entidad Binacional Yacyretá shall make a preselection of bidders, by the two envelope simultaneous submission system.

Interested parties may acquire Y-C2 Contract Documents the offices of Entidad Binacional Yacyretá, located at Ayda, Madero 942, 20th Floor, (Technical Department), Buenos Aires, Argentina Republic, and at Humaitá 145, 12th Floor, Asunción, Republic of Paraguay, as from October 28, 1990, at the price of US\$ 500.00 each copy. Tenders shall be received at main office of Entidad Binacional Yacyretá, Technical Department, Villa Permanente, Ituzingó, Province of Corrientes, Argentina Republic, up to January 7, 1991 at 03.00 p.m., whereas envelope No. 1 shall be opened before any attending interested parties, then the pertinent record shall be drawn.

AV. MADRERO 942 - CP 1106 - CAPITAL FEDERAL - REP. ARGENTINA  
HUMAITA 145 - ASUNCION - REP. DEL PARAGUAY

## Japan

Ian Rodger

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Nissan is...  
trial comp...  
revised do...  
down to...

## Textile

see m...

By Ian Rodger



## INTERNATIONAL COMPANIES AND FINANCE

## Japan steels itself for a bleak second half

Ian Rodger finds that corporate growth, once the kingpin of the economy, is slowing

Corporate profit growth, which has been one of the main features of Japan's booming economy in the past four years, is finally slowing.

Reports of interim financial results from leading industrial companies in the past few days indicate that profit growth is being hit hard by rising costs of materials, labour and money. Sales have held up so far, but many companies think they could go soft in the next few months as economic conditions deteriorate both at home and abroad.

Looking ahead, we expect that the situation in the Persian Gulf, unfavourable exchange rates and rising interest rates will contribute to a more difficult operating environment in the second half. Mr Atsushi Muramatsu, chief financial officer of Nissan Motor, said on Monday when publishing the company's interim results.

Nissan is one of many industrial companies that has revised down its pre-tax profit

forecast for the year from ¥190bn (\$1.49bn) to ¥180bn. If the new forecast proves accurate, it will mean a slight fall from last year's ¥184.3bn instead of a previously expected increase.

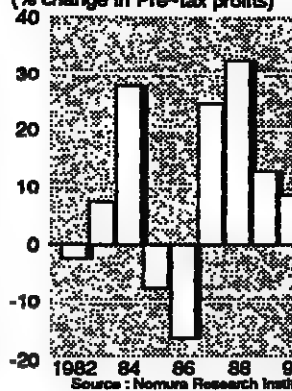
This could be bad news for the economy as a whole, because a serious profit slump would probably make companies cut their capital spending plans. Private sector capital spending has been a main contributor to growth in the past few years, accounting for 24 per cent of gross national expenditure last year.

"So far, operating profits have only been affected by margin squeezes. The big danger could come next year when sales volumes slow," Mr Jesper Koll, an economist at S.G. Warburg Securities (Japan), said.

The average pre-tax profit rise of 182 industrial companies quoted on the first section of the Tokyo Stock Exchange in the six months to September 30 was 4.46 per cent, according to the Wako Research Institute

## Japanese Company performance

NRI 350 Industrials (% change in Pre-tax profits)



Source: Nomura Research Institute

of Economics. This was 10 percentage points lower than in the same period of last year.

More significantly, these companies' operating profit growth was less than that of pre-tax profit growth, averaging only 3.91 per cent. This

means that the companies are suffering from rising material and labour costs. Toshiba, for example, has reported an 11 per cent rise in its cost of sales and an 11 per cent jump in selling, general and administrative expenses, leading to a 17 per cent fall in operating profits in the six months to September.

Wako said the processing industries in its survey, including machinery, shipbuilding and motors, were still doing well, enjoying an average 9.1 per cent increase in pre-tax profits in the first half, thanks largely to continuing strong domestic demand.

However, materials industries, such as pulp and paper and chemicals, suffered a 13.7 per cent slide in pre-tax profits due to higher interest rates and rising costs, including that of oil towards the end of the period.

Oji Paper, the country's biggest paper maker, for example, reported a 34 per cent fall in pre-tax profit, while Oji said

higher labour and borrowing costs combined with a flat market to cause the drop.

In spite of a dramatic 40 per cent drop in average share prices on the Tokyo Stock Exchange, few industrial companies seem to have been hurt. This suggests they have been more prudent in investing their surpluses in recent years than many have suggested.

Indeed, many have more than offset any equity trading losses with increases in yields on fixed income investments, thanks to rising interest rates. Sharp, the electric appliances group, for example, said that while its operating profits were up 7 per cent, its non-operating profits jumped 50.4 per cent, mainly as a result of high income from investments.

The few companies that have speculated aggressively in the stock market, have paid a heavy price. Hanwa, a steel trading company, recently revealed that it had suffered losses of ¥25bn on its securities portfolio in the six months to September 30.

## Ontario approves Britgas takeover

By Bernard Simon in Toronto

THE ONTARIO government has approved British Gas's C\$1.1bn (\$US\$48m) takeover of Consumers' Gas, Canada's largest gas distributor, in exchange for commitments to a substantial public stake and large investments in research and development projects at a cost of at least C\$90m.

The Consumers' acquisition is the first significant test of the left-wing New Democratic government's attitude towards foreign investment in Ontario since it came to office.

Mr Bob Rae, the provincial premier, said the government had explored public ownership of the utility but "the cost was simply too high."

Mr Rae said yesterday that, after "hard bargaining", Britgas had agreed to several conditions beyond those proposed last month by the Ontario Energy Board. He released a letter from Britgas confirming its acceptance of these.

The British company has agreed:

● To establish a public stake of 18 per cent in Consumers' by 1992. In addition, Britgas will limit its participation in new equity issues by Consumers' to no more than 50 per cent until the end of the decade.

● To make available at least C\$50m over the next 10 years for equity investment in commercially viable co-generation projects.

● To create a venture capital fund managed in Ontario for investment in energy and related technology. Britgas will invest C\$5m in this fund in the first five years.

● To concentrate in Ontario all its research and development on the use of natural gas for motor vehicles.

● To undertake that there will be no job losses at Consumers' as a result of the acquisition.

The deal still requires the approval of the federal government, but this is widely regarded as a foregone conclusion. Consumers share price jumped C\$2.22 to C\$33.4 on the Toronto stock exchange yesterday. Britgas has offered C\$34 a share for Consumers.

## Daiwa House soars by 50%

By Ian Rodger

PRE-TAX profits of Daiwa House Industry, Japan's second largest house builder, soared 50 per cent to ¥43.1bn (\$36.5m) in the six months to September 30, thanks to booming sales of high margin luxury houses in Japan.

Sales were up 18.9 per cent to ¥381.1bn and the company has revised upward its order forecast for the year to ¥910bn from ¥860bn.

Net income jumped 45.1 per cent to ¥21.8bn. The company is forecasting pre-tax profit for the full year of ¥99bn, up 41 per cent.

## Textile companies see mixed results

By Ian Rodger in Tokyo

JAPANESE textile companies have reported mixed results in the six months to September 30, some suffering badly from the increase in prices of feedstocks for artificial fibres and resins, and others benefitting from buoyant domestic markets.

Kurabo, a leading spinning company, said stiff competition from both domestic and foreign textile makers led to its sharp profits fall. For the full year, Kurabo sees a slight improvement in profits coming from its non-textile operations. Pre-tax profit for the year will drop 40 per cent to ¥1.8bn (\$14.1m), the company predicted.

Mitsubishi Rayon, the acrylic, polyester and optical fibres group, said sales and profit increases were due to strong domestic demand. Textile sales were up 11 per cent, while sales of carbon fibres jumped

25 per cent. However, the outlook for the full year has become gloomy because of big rises in the price of naphtha and other feedstocks as well as interest rate increases. The company has revised down its pre-tax profit forecast to ¥12bn from ¥14bn, indicating a drop of 6.6 per cent is now in store rather than a 9 per cent rise.

Kuraray, another maker of synthetic fibres, said its pre-tax profits would jump 30.9 per cent to ¥20bn in the current year in spite of increases in raw material costs, and the company is raising its annual dividend by ¥1 to ¥7 per share.

Kuraray's textile product sales were up 5.7 per cent in the first half, but chemical product sales surged 60.6 per cent. The company is raising its annual dividend by ¥1 to ¥7 per share, and the interim to ¥3.5

## JAPANESE TEXTILE COMPANY RESULTS (Half year to end September 1990)

Company	Revenue	% change	Pre-tax profit	% change	Net profit	% change
Kanabo	285.1	8.2	5.1	4.1	2.2	23.9
Unitika	143.8	20.9	8.3	19.3	2.1	34.4
Toyobo	187.1	0.8	4.7	(28.9)	2.9	(37.7)
Mitsub. Ray.	138.9	8.9	7.2	17.8	3.8	51.7
Teijin	169.8	8.2	18.3	(5.0)	10.4	1.7

Figures in brackets show loss

## Costs depress Kubota

By Stefan Wagstyl

PRE-TAX profits at Kubota, the Japanese industrial machinery maker, fell 12.9 per cent to ¥15.5bn (\$121m) in the six months to September, because of increases in raw material costs.

Reporting unconsolidated interim results, Kubota said

sales rose 7.5 per cent to ¥283.9bn.

However, rising costs pushed down operating profits by 12.9 per cent to ¥13.5bn.

For the full year, Kubota expects sales to rise 8 per cent to ¥705bn, but profits to remain flat at ¥36bn pre-tax.

## Daihatsu gains from law change

By Robert Thomson in Tokyo

DAIHATSU Motor, the Japanese auto maker, reported an 8.3 per cent increase to ¥6.7bn (\$52.53m) in pre-tax profit in the first half to September 30, as the company benefited from a change in the government definition of a "mini-car".

A new engine displacement limit, 659cc, up from 550cc, has attracted domestic customers who want to take advantage of the less restrictive parking laws that apply to minicars, and Daihatsu's total sales for the period rose 10.2 per cent to ¥388bn.

The company has revised upwards its full-year pre-tax profit estimate from ¥13.5bn to ¥14bn, compared to last year's ¥11bn, and expects sales of ¥779bn (¥694bn).

## Omron posts 2.8% increase

By Stefan Wagstyl in Tokyo

OMRON, the Japanese maker of control equipment for industrial machinery, yesterday posted a 2.8 per cent increase in interim pre-tax profits to ¥13.8bn (\$99.9m), on a 7.3 per cent rise in sales to ¥179bn.

Reporting unconsolidated results for the six months to the end of September, Omron said sales of control systems - its main product lines - rose 7 per cent because of increased corporate investment in labour-saving equipment. The company also completed a large traffic control system.

For the year, Omron expects sales to rise to ¥380bn, up 5.4 per cent, and profits to ¥28bn, up 5.2 per cent.

## Cuts in drug prices hit pharmaceuticals

By Ian Rodger

PROFIT growth of Japanese pharmaceutical companies was hit by cuts in drug prices paid by the government, but companies tried to overcome the hit by introducing new products.

Sales of Takeda Chemical Industries, Japan's top pharmaceutical company, fell sharply as a result of the withdrawal of Bayer products from its line last spring. Steady sales of new products with higher margins offset most of

the ¥65m (\$500,000) lost sales. For the full year, the company is projecting a pre-tax profit of ¥78bn, up 1.4 per cent.

Yamanouchi Pharmaceutical said robust sales of circulatory function activating drugs contributed to the overall sales increase. Higher costs of materials slowed growth in operating profits to 1 per cent. The company is forecasting a pre-tax profit of ¥61bn, up 5 per cent, in the full year.

## JAPANESE PHARMACEUTICAL GROUP RESULTS (Half year to end September 1990)

Company	Revenue	% change	Pre-tax profit	% change	Net profit	% change
Fujisawa	110.1	5.4	9.8	(2.1)	4.3	(18.1)
Takeda Chem	271.2	(8.9)	36.6	0.4	18.9	5.2
Yamanouchi	105.8	8.2	30.0	2.1	16.2	18.7
Daichi Sankyo	80.3	5.5	22.1	(8.6)	10.5	(14.4)

Figures in brackets show loss

## Hongkong Telecom lifts first-half profits by 17%

By John Elliott in Hong Kong

THE Hong Kong subsidiary of Cable and Wireless of the UK, Hongkong Telecommunications, yesterday announced profits attributable to shareholders of HK\$2.42bn (\$310.4m) for the half year ended September 30. This was 17 per cent higher than the HK\$2.07bn recorded in the same period last year.

Turnover increased by 14 per cent to HK\$7.68bn, helped by a 19 per cent rise in income from international telephone calls and a 26 per cent rise in the volume of facsimile transmissions.

However, these figures are lower than in last year's second half when profits rose by

20 per cent, turnover by 21 per cent, and international revenues by 27 per cent.

Mr Mike Gole, chief executive, said that the results were satisfying because they had been achieved in spite of negligible economic growth in Hong Kong and sharp slowdowns in the company's other major markets such as China, the US and Australia. The decline of the US dollar had also increased payments for outgoing calls to overseas operators.

The results were boosted by a 20 per cent drop in taxation from HK\$281.4m in the first six months of last year to HK\$224.8m.

**FIDELITY PACIFIC FUND S.A.**  
Incorporated under the laws of Panama  
**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
Annual General Meeting of Shareholders of Fidelity Pacific Fund S.A. (the "Corporation") will take place at 9.00 am, at the Corporation's principal office, P.O. Box 670, Hamilton HMCK, Bermuda on November 21, 1990.

The following matters are on the agenda for this meeting:

1. Election of five (5) Directors, specifically the re-election of the following: (a) present Directors: Edward C. Johnson M.D., Charles T. M. Gable, Charles A. Fraser; (b) proposed Directors: Harry O. Saggaman, H.P. van den Hoven.
2. Review of the balance sheet and profit-and-loss statement of the Corporation for the fiscal year ended July 31, 1990.
3. Ratification of action taken by the Directors since the last Annual General Meeting of Shareholders.
4. Ratification of action taken by the Investment Manager since the last Annual General Meeting of Shareholders.
5. Consideration of such other business as may properly come before the meeting.

Holders of registered shares may vote by proxy by sending a form of proxy obtained from the Fund's principal office in Bermuda or from the limitations listed below to the following address: Fidelity Pacific Fund S.A., c/o Fidelity International Limited, P.O. Box 670, Hamilton HMCK, BERMUDA.

Holders of bearer shares may vote by proxy by obtaining from the limitations listed below a form of bearer share certificate, certificate of deposit and receipt for bearer share certificate, against deposit of their share certificate, and mailing the proxy and certificate of deposit to the Corporation at the address set forth in the preceding paragraph. Alternatively, holders of bearer shares wishing to exercise their rights personally at the meeting may deposit their share certificate, or a certificate of deposit transfer, with the Corporation at P.O. Box 670, Hamilton, Bermuda, against receipt therefor, which receipt will entitle said bearer shareholders to exercise their rights.

**Fidelity International Limited**  
P.O. Box 670  
Hamilton HMCK  
BERMUDA

**Fidelity International (C.I.) Limited**  
40 The Esplanade  
St. Helier, Jersey  
CHANNEL ISLANDS

**Brown, Wiggins & Thomson (Luxembourg) S.A.**  
25 Boulevard Prince Henri  
Boite Postale 403  
L-1794 LUXEMBOURG

**Fidelity International Management Holdings Limited**  
25 Lower Lane  
London EC3N 3LL  
ENGLAND

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 5.00 pm on November 21, 1990, in order to be used at the meeting.

BY ORDER OF THE MANAGEMENT  
Charles T. M. Gable,  
Secretary

Dated November 2, 1990

**CORRECTION NOTICE**  
Issue of up to U.S. \$75,000,000  
**SPAREKASSEN**  
**sds**  
**Sparekassen SDS**  
(A savings bank established under Danish Banking Law)  
Floating Rate Capital Notes due 1991  
U.S. \$40,000,000 having been issued as the initial tranche and U.S. \$20,000,000 having been issued as a subsequent tranche  
For the period from November 7, 1990 to February 7, 1991 the Notes will bear interest at 8.20313% per annum. U.S. \$2,096.36 will be payable on February 7, 1991 against Coupon No. 20.  
By: The Chase Manhattan Bank, N.A.  
London, Agent Bank  
November 6, 1990

**COMPAGNIE BANCAIRE**  
FRF 800,000,000  
FLOATING RATE NOTES DUE 1997  
For the period November 8, 1990 to December 31, 1990 the rate has been fixed at 10% p.a.  
Next payment date: December 13, 1990  
Coupon nr: 1  
Amount: FRF 97.22 for the denomination of FRF 100,000.00  
FRF 97.22 for the denomination FRF 100,000.00  
The Principal Paying Agent  
**SOCIETE GENERALE ALSACIENNE DE BANQUE**  
15, avenue Emile Reuter LUXEMBOURG

**SHEARSON LEHMAN HUTTON HOLDINGS INC.**  
(Incorporated in Delaware)  
US\$500,000,000  
Floating rate notes due 1991  
For the three months 9 November, 1990 to 11 February, 1991 the notes will carry an interest rate of 8 1/8% per annum and interest payable on the relevant interest payment date 11 February, 1991 will amount to US\$213.78 per US\$10,000 note.  
Agent: Morgan Guaranty Trust Company  
JPMorgan

**SAB**  
**THE SOUTH AFRICAN BREWERIES LIMITED**  
(Incorporated in the Republic of South Africa)  
Reg. No. 69/16025/06

## ABRIDGED INTERIM REPORT for the six months ended 30 September 1990

**Turnover**  
19% increase; beer volume growth 11%  
**Profit after taxation**  
Up 17% to exceed R300 million  
**Earnings per share**  
Improvement of 21% to 80 cents  
**Dividend per share**  
Interim increased by 20% to 30 cents  
**Prospects**

Disposable income will remain under intense pressure well into 1991 and there is little likelihood of meaningful relaxation in the current restrictive fiscal and monetary policies in the medium term. These factors, coupled with a volatile socio-political environment, will certainly moderate the rate of profit growth in the months ahead. Nevertheless, a reasonable improvement in earnings should still be attainable for the year as a whole.

## INTERIM DIVIDEND

The Directors have declared an interim dividend on the ordinary shares of 30.0 cents per share (last year's interim dividend 25.0 cents per share) on account of or about 31 December 1990 to 1991 payable on or about 31 December 1990 to Shareholders registered on 23 November 1990. The dividend is declared in the currency of the Republic of South Africa and payments from the office of the London transfer secretaries (Barclays Registrars Ltd, 6 Greencoat Place, London SW1P 1PL) will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 12 December 1990 or at a rate not materially different therefrom. South African Non-Resident Shareholders' Tax at the rate of 14.03% and United Kingdom tax will be deducted from the dividends where applicable. The Transfer Books and Register will be closed from 24 November to 2 December 1990, both dates inclusive.

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Interim Report will be posted to registered Shareholders and can be obtained from the London Secretaries, Barnato Bros Limited, 99 Bishopsgate London EC2M 3XE

**Montreal Trustco Inc.**  
(Incorporated under the laws of Canada)  
**¥6,000,000,000**  
Floating Rate Debentures Due 1994  
Notice is hereby given that the Rate of Interest for the Interest Period from 8th November, 1990 to 8th May, 1991 is 7.75% per annum. Interest payable on 8th May, 1991 will amount to ¥13,151 per ¥100,000,000 principal amount of the Notes.  
Agent Bank  
The Long-Term Credit Bank of Japan, Limited Tokyo

**ALLIANCE LEICESTER**  
Alliance & Leicester Building Society  
**£50,000,000**  
Subordinated Floating Rate Notes due 2004  
For the three months 8th November, 1990 to 8th February, 1991, the Notes will carry an interest rate of 13.9175% per annum with an interest amount of £350.80 per £100,000 and £3,507.97 per £1,000,000 Bond, payable on 8th February, 1991. Listed on the London Stock Exchange.  
Bankers Trust Company, London Agent Bank

**Great Belt S.A.**  
(A/S Støbeletsforbindelsen)  
**¥7,000,000,000**  
Floating Rate Notes Due 1994  
Notice is hereby given that the Rate of Interest for the Interest Period from 9th November 1990 to 9th May 1991 is 7.12% per annum. Interest payable on 9th May 1991 will amount to ¥1,772,808 per ¥50,000,000 principal amount of the Notes.  
Agent Bank  
The Long-Term Credit Bank of Japan, Limited Tokyo

## SAVE &amp; PROSPER FAR EASTERN FUND S.A.

(IN SHAREHOLDERS VOLUNTARY LIQUIDATION)

## NOTICE IS HEREBY GIVEN THAT:

Following the Extraordinary Meeting of Shareholders held on 25th October 1990, a Special Resolution of Save & Prosper Far Eastern Fund S.A. ("the Corporation") was duly registered at the Public Registry of Panama on 7th November 1990. As a result, the Scheme of Arrangement detailed in the letter to shareholders dated 8th October 1990 became effective.

## Scheme of Arrangement

At the close of business on 7th November 1990, the assets and undertakings of the Corporation, were transferred to Fleming Concord Fund Limited ("the Concord Fund"), in consideration for which Shareholders of the Corporation were issued shares in the Far Eastern Class of the Concord Fund on the following basis:

for each share in the Corporation - one participating redeemable preference share in the Far Eastern Class of the Concord Fund.

The Concord Fund is an umbrella fund registered in Jersey, Channel Islands offering five different classes of shares with differing investment objectives to suit the various needs of investors as follows:-

Fleming Concord Fund European Class  
Fleming Concord Fund Far Eastern Class  
Fleming Concord Fund North American Class  
Fleming Concord Fund Sterling Bond Class  
Fleming Concord Fund UK Growth Class

There is no material difference between the investment objectives of the Far Eastern Class and the Corporation except that the Concord Fund is Sterling-denominated and consequently the Manager will, when appropriate, hedge currency risks.

Holders of shares in the Far Eastern Class of the Concord Fund are able to switch into other classes easily and at minimal cost. A particular feature of the Concord Fund is that each class receives investment advice on location from the world-wide network of Flemings' offices.

In order to receive a copy of the Prospectus of the Concord Fund, please write to Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey JE4 8PN, Channel Islands.

## Bearer Arrangements

Those shares in the Far Eastern Class of the Concord Fund attributable to the former holders of bearer shares in the Corporation are presently held to the order of the Joint Liquidators of the Corporation.

Although the issue of bearer shares by a Jersey registered Company is not permissible, former holders of bearer shares in the Corporation may have their shares registered in the name of the beneficial holder or may consider taking advantage of the Nominee Service offered by the Manager of the Concord Fund, Robert Fleming Management (Jersey) Limited. Nominee holdings are registered in the name of the Manager with an individual designation in respect of each beneficial owner, dividends on such holdings being automatically reinvested in further shares.

In order to claim an entitlement to shares in the Far Eastern Class of the Concord Fund, former holders of bearer shares in the Corporation must send their old share certificates and coupons to Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey JE4 8PN, Channel Islands by registered mail giving clear instructions as to their wishes in regard to such entitlement.

## Dividend

A dividend of US\$0.01275 per share has been declared, such dividend being the last dividend payable by the Corporation.

In order to receive the dividend, former holders of bearer shares must submit Dividend Coupon No. 9 to the office of Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey JE4 8PN, Channel Islands. Payment of dividends against presentation or tender of dividend coupons will constitute absolute proof of the discharge by the Joint Liquidators of the Corporation of their liability therefor.

Robert Fleming Management (Jersey) Limited.  
after 8th November 1990







## INTERNATIONAL CAPITAL MARKETS

Four Swiss franc deals  
liven sluggish trading

By Simon London

AFTER several days of buoyant new issue activity, the primary international bond market ground almost to a standstill yesterday.

Market participants cited increased tensions in the Gulf and the lack of interest rate and currency swaps opportunities as the reason for the slow-down.

Once again, the Swiss franc bond market showed the greatest sign of life with four issues totalling Sfr550m.

However, the fixed-rate sector continues to be dominated by triple-A rated borrowers in a market wary of deteriorating corporate credit quality.

The biggest deal of the day came from the World Bank, a Sfr200m five-year issue lead managed by Swiss Bank Corporation.

The paper carried a coupon of 7 1/2 per cent and was priced at 101 1/4.

Another issuer capitalising on the market's appetite for supra-national paper was the European Investment Bank, with a Sfr100m offering via Union Bank of Switzerland.

The six-year paper also carried a coupon of 7 1/2 per cent and was priced at 101 1/4.

At the longer maturity, Electricite de France came with an unusual 15-year Sfr100m deal, with a French government guarantee, also through UBS.

In the shadow of the Gulf crisis, most issuers have been

spreaders have tightened by about 5 basis points this week.

However, a marked improvement has only been seen in top-quality sovereign and agency names, and in benchmark issues.

Although some corporate issues are trading at historically wide spreads to equivalent US Treasury bonds, European investors are showing no interest in picking up cheap bonds.

However, some US funds have bought cheap Eurobonds, which has helped almost eliminate the yield differential between the US and the Euro-bond market.

Chrysler, the US motor manufacturer, has secured \$1.3bn of automobile receivables in a bond issue in the US market through Merrill Lynch Capital Markets, Reuters reports from New York.

They carried a coupon of 8.65 per cent and were priced to yield 8.745 per cent or 110 basis points over the two-year Treasury note.

The securities have an average life of 1.82 years.

Both the World Bank and the European Investment Bank deals were quoted at less than 1% bid, just within full fees of 1%.

The Electricite de France deal traded at less than 2% bid, again just inside full fees of 2% per cent.

In the secondary market, buying of Eurodollar bonds appears to have picked up, particularly at the longer end of the yield curve, where yield

content to follow investors towards the shorter maturities.

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## New issuers queue for French tax exemption

THE trickle of international companies raising subordinated debt in French francs could turn into a flood, following a ruling by French tax authorities which clears the way for cheap equity-type funding, writes Simon London.

The authorities ruled in early October that coupon payments made on repackaged perpetual floating-rate notes could be treated as tax deductible.

Until now such issues have had to be individually cleared by the tax authorities. The blanket tax exemption has attracted a queue of potential new issuers.

Six leading French companies are known to be in the process of syndicating issues or preparing the ground.

They include M&M Hennessey-Louis Vuitton, Accor, CMB Packaging and Legrand. These four issues are expected to be lead managed by J.P. Morgan, together with Credit Lyonnais in the case of LVMH and with Banque Nationale de Paris for the Accor issue.

The total raised for these private placements could exceed FF15bn, according to market sources.

Under the repackaged FRN structure, the borrower issues nominally perpetual notes and endows the funds to a trust, which holds the notes and uses a portion of the funds raised to purchase zero-coupon bonds. On maturity, usually after 15 years, the zero-coupon bonds generate the money which meets redemption payments.

The instrument is doubly advantageous to French companies because they can account for the subordinated debt as an equity equivalent.

Some overseas companies are also looking at the structure. In June, Cadbury Schweppes, the UK confectionery and soft drinks concern, raised

FF1.6bn through a similar structure to fund its acquisition of Perrier's carbonated soft-drinks business. Although structured as a subordinated loan, rather than an issue of notes, the capital ranks as equity for Cadbury's French subsidiary, although not for the UK parent company.

Coupon payments, however, are deductible against French tax exposure.

The biggest obstacle to further issuance is finding international companies with a large enough tax bill against which the coupon costs can be offset.

Mr O'Connor says his emphasis will be on developing new futures products. He pledged the proposed new insurance contract would be launched with his full backing.

Both candidates, while harbouring doubts about the success of the Globex system, support joining the CME in this project and other technological innovations. Neither believes Globex yet threatens open outcry trading. Mr Arbor can take pride in the fact that he supported going in with Globex long before others. Negotiations between the two exchanges on a new contract with Reuters are well under way.

The remaining big difference between the two candidates is how to repair the CBO's besmirched image. The precipitous collapse of Stotler after running short of capital last July did not help the exchange, which saw 24 of its members indicted in 1989 following the undercover probe by the Federal Bureau of Investigation.

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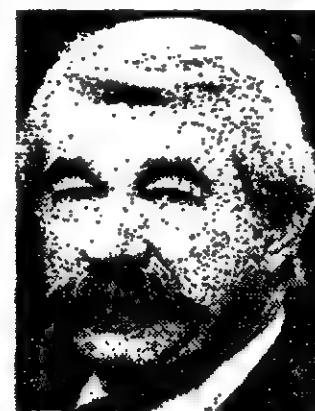
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William O'Connor, the traditional leadership

scheduled for December 12. Mr Arbor, an avid mountain climber, is the "new thinking" candidate.

Articulate and open to new ideas about how to operate the exchange, he is an independent trader who became a member of the CBO in 1968.

He has 13 years of experience in various CBO posts, including a three-year stint on the board.

The campaign issue is the exchange's pressing need for floor space, particularly for the US Treasury bond pit which is badly overcrowded.

The exchange's plans to introduce new contracts such as insurance futures next year will further cramp an already brimming trading floor.

Mr O'Connor wants to avoid a new building, which would require mortgaging the CBO's current headquarters, which it owns. He prefers leasing or perhaps sharing an unused trading floor at the Chicago

Merchants Exchange, or leasing another unused trading floor at the nearby Chicago Board Options Exchange.

Mr Arbor, less averse to mortgaging the building and acquiring space. He warns that the CBO's 60-year-old trading room is ripe for a breakdown and promises a building plan within six months of being elected.

But he is also proposing other more revolutionary ideas on how to allow members to share in the "unrealised equity" of the CBO building. He wants, for example, to explore schemes that would provide members some portion of the building's operating revenues.

Regarding greater international competition, both candidates see the need to bring the CBO closer to the CME to present a more united front to the world.

Chicago is deeply worried about the financial markets and the CBO's share of futures trading.

The two exchanges are working together on developing a hand-held trading card and will co-operate on the new after-hours electronic trading system known as Globex, which is being developed by Reuters.

But other areas of co-operation are being discussed by a joint CBO-CME committee recently initiated by Mr O'Connor. These are far from merger discussions, although consolidation of clearing, elimination of duplication of foreign offices (saving as much as \$1m annually per office) and joining together for trading floor space are all on the agenda.



Patrick Arbor, the "new thinking" candidate

Mr Arbor, while in agreement that all cost-reducing co-operative steps should be taken, says the possibility of a merger should be explored.

This sounds like heresy to some who regard the CME as the CBO's main rival. But Mr Arbor questions how long the two main US exchanges can remain fragmented given the growing competitive threat from the Far East and Europe.

Mr Arbor is also concerned about the fast changing nature of the financial markets and says: "We must adapt." One possibility is taking on the competition from off-exchange and hybrid products such as swaps and commodity options by creating the CBO's own investment bank to trade in these.

This enterprise could generate earnings for members, he said. He would consider, too, creating satellite exchanges to trade in different time zones, such as Hawaii.

He believes that the CBO's silence during the Stotler scandals was wrong and helped foster the idea the exchange had something to hide. He says he will try to improve the exchange's image by being more open and talking directly to the public.

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## JP Morgan moves offshoot to London

By Stephen Fidler, Euromarkets Correspondent

J.P. MORGAN, the US commercial bank, is opening a Latin American corporate finance group in London.

The unit will aim to provide advice, finance and advice on mergers and acquisitions, and expects to work closely with Morgan's third world debt trading subsidiary and the bank's European offices.

Mr Carlos Vazquez, who has transferred from New York to head the three-strong group,

said the decision to move staff to London was based on the interest being shown by European companies in Latin America.

He said the common view that the US was the dominant business partner in Latin America was true in Mexico and in some other countries, but in the continent's southern cone, business and cultural ties with Europe were significantly stronger.

He said Morgan was already involved with European partners in the privatisation of ENTEL, the Argentine telephone company, now being privatised, and was advising Banco Provincia of Argentina on a restructuring. Its other transactions include advising PepsiCo in its acquisition of the Mexican snack food group Ganesa and providing private placement financing for Telefonos de Mexico.

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## UK COMPANY NEWS

## SB at £634m and expects strong fourth quarter

By Clive Cookson

SMITHKLINE BEECHAM, the Anglo-American drugs and consumer products group, pushed up pre-tax profits by 30 per cent in the third quarter to £218m.

The company - formed last year through the merger of SmithKline Beecham of the US and Beecham of the UK - was succeeding in cutting costs and improving margins through its restructuring programme, said Mr Bob Bauman, chief executive.

The results for the first nine months showed pre-tax profits up 8 per cent to £584m, on sales of £3.4bn (£3.1bn). Mr Bauman forecast "strong performance" in the fourth quarter; the full-year results should be in line with expectations.

Analysts expect pre-tax profits of about £580m for 1990,

compared with a pro-forma £724m for the partially merged companies in 1989. Looking further ahead, Mr Peter Laing of Société Générale Strauss Turnbull expects about £1.09bn in 1991 and 17 per cent compound growth in pre-tax profits during the early 1990s.

The shares have performed strongly over the last three months, following signals from the company that the merger is working. Last night they closed down 30p at 559p.

The results announced yesterday showed a reassuring reduction in the heavy debt taken on to finance the merger. Net debt fell from £822m to £562m during the third quarter - partly as a result of cash received from the sale of cosmetics and consumer goods businesses earlier in the year.

Interest paid was only £13m (£38m). Mr Bauman said gearing would be below 100 per cent at the end of the year.

Sales from continuing operations fell 3 per cent in the third quarter to £1.1bn, as a result of the weak dollar. On a constant exchange rate basis, sales were up 4 per cent.

Some analysts were disappointed that turnover had not risen more strongly - particularly that sales of the anti-ulcer drug Tagamet were down 12 per cent. The company explained the decline in terms of exceptional factors in the US pharmaceutical market which had made the third quarter of 1989 unusually strong.

The dividend for the third quarter was unchanged at 3.4p. See Lex

## Bad news outweighs the good at Storehouse

By Maggie Urry

STOREHOUSE, the BHS, Mothercare and Habitat retail group, produced one good and one nasty surprise yesterday with interim results for the 24 weeks to mid-September. Between the two, profits before exceptional items were much as expected at £3.1m.

However, the bad news outweighed the good, and analysts cut profit forecasts for the current and next financial year. The shares fell 9p to 123p.

Total sales were £540.1m (£535m) but were 4 per cent up excluding closures and disposals. The interim dividend is unchanged at 2.5p.

The good news came from BHS where operating profits rose to £7.1m (£6.2m), on sales of £263.5m (£257.2m).

The bad news was that losses at Habitat, the home furnishings business, mounted from £2.4m to £9.1m on sales of £91.7m (£88m).

Mothercare UK's profits fell from £5.1m to £3.4m.

## COMMENT

Before yesterday's fall, Storehouse's shares had outperformed the market by 33 per cent since it cut its final dividend at the end of May. Hopes for recovery had run too far ahead of events, perhaps, and the group was always vulnerable to a delay in turning some part of the business round. In the event the disappointment was Habitat. It would be wrong to lose sight of the good work Storehouse has done. It took advantage of good markets to make disposals last year, unlike some retailers, and the balance sheet could hardly be in better shape. BHS is doing well, though it will soon run up against strong comparable figures. Aside from the sudden departure of the finance director, the management has been strengthened. If the pre-exceptional profit is £35m this year against £32.6m, the p/e is around 21½ and an unchanged dividend of 5p would give a yield of 8.4 per cent. That rating is looking to a profits bounce which may take longer to achieve than was earlier hoped.

## Royal Dutch/Shell falls 28% to £480m

By Steven Butler

THE ROYAL Dutch/Shell group yesterday reported a 28 per cent decline in third-quarter profits from £867m to £480m after tax on a replacement cost basis. This accounting convention eliminates fluctuations in the value of oil stocks and is seen to offer a better guide to the underlying performance.

On a historical cost basis, Shell reported a 68 per cent increase in post-tax profits to £1.09bn, of which £614m is inventory gain. These profits would turn into losses should oil prices decline.

On a replacement cost basis, Shell said that its crude oil production was expected to rise in the fourth quarter and that the final quarter would also be boosted by a seasonal

rise in natural gas sales and any gas price rises. Refining and marketing were hit sharply in spite of a 3 per cent increase in product sales volumes. On a replacement cost basis, profits fell from £310m to £110m as a result of lower margins. Increases in selling prices failed to keep pace with the rising cost of supply. In the US refining and marketing profits plummeted from \$67m to \$6m.

Shell said that while margins for sophisticated refineries for sophisticated refineries were strong, in a number of countries cost could not be brought through to consumers. The current volatility made downstream operations difficult.

Chemicals earnings fell by £74m to £121m as a result of the rapid rises in the cost of chemicals feedstocks, particularly naphtha and gasoil.

Shell's coal business saw a fall in profits from £17m to £12m. Shell's corporate charges rose in the third quarter from £115m to £168m, reflecting a lower level of interest expenses and higher interest expenses.

The results were also hit by currency losses amounting to £78m, although this was an improvement over the £108m posted in the third quarter of last year.

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## Price rise benefit delay leaves BP 61% down

By David Thomas, Resources Editor

BRITISH PETROLEUM's third-quarter results were hit by delays in passing through higher oil prices to customers, but the company hopes for a recovery in the fourth quarter.

"It will come through later on. But right now, we haven't made too much out of oil price rises," said Mr David Simon, BP's deputy chairman.

He estimated that there was a lag of about a month between a price rise in crude oil and the full increase feeding through to most of BP's customers.

He was speaking after BP revealed a 61 per cent decline from £264m to £100m in after-tax profits for the quarter ending September on a replacement cost basis. The decline for the first three quarters was

26 per cent to £748m.

Higher oil prices contributed £471m in stock gains, underpinning a surge to £221m (£211m) for the third quarter. On the same basis, profits fell by 6 per cent to £1.22bn for the first three quarters.

BP maintained the dividend at the second quarter level of 3.55p (3.65p), resulting in an 8 per cent rise for the first three quarters to 11.85p (10.95p).

Some analysts had been expecting a dividend increase, but Mr Simon defended the policy as sensible in view of oil price volatility.

Mr Simon pointed to the high tax charge of £249m (£98m) as a factor reducing

some of the gains from the higher oil prices.

Delays in passing through higher oil costs were also behind the sharp decline in the chemicals business operating profit to £20m (£112m).

Mr Simon said marketing margins were depressed for similar reasons, although high refining margins boosted profit in the combined refining and marketing business to £248m (£154m).

Higher oil prices helped to offset lower output in the third quarter, with profits in exploration and production up marginally at £24m (£34m).

BP's third quarter output fell to 1.23m barrels a day (1.43m b/d), due to maintenance work on the facilities in the North

Sea and development work in Alaska. The company expects to be able to add about 100,000 b/d of output to its total in the fourth quarter.

In the first nine months, the interest charge fell to £498m (£576m), reflecting lower debt following investments.

Mr Simon said the need to maintain stocks at higher price levels had increased working capital by about £900m, offsetting stock holding gains.

The company warned that the pound's strength against the dollar, if maintained, would adversely affect results when translated.

Earnings per share for the third quarter were 15.4p (4.2p) and 23.8p (23.5p) for the first three quarters.

## Polly Peck administrators and DTI in preliminary meeting

By Clay Harris and Richard Waters

THE ADMINISTRATORS at Polly Peck International will meet the Department of Trade & Industry today, but they are not expected to ask for the immediate appointment of DTI inspectors to investigate the group's affairs.

Two of the administrators, Mr Michael Jordan of Coopers & Lybrand Deloitte and Mr Christopher Morris of Touche Ross, will meet Mr Graham Harp, the recently appointed head of company investigations at the DTI.

"It's only a preliminary meeting," Mr Jordan said yesterday. The administrators had not uncovered new evidence which had prompted the meeting, and were not proposing to ask for an immediate DTI investigation, he said.

Asked why it was taking place, he added: "They said they would like to have a meeting."

One factor militating against an immediate DTI inquiry is the desire not to muddy the waters while the administrators are still trying to locate and secure Polly Peck assets and the Serious Fraud Office continues its own investigation.

Mon. The third administrator, Mr Richard Stone of Coopers, flew to northern Cyprus yesterday to begin efforts to persuade local authorities to lift an injunction which prohibits Polly Peck's local subsidiaries from divulging any information to outsiders.

Mr Stone went to Cyprus without Mr Asil Nadir, who had said earlier in the week that he wanted to accompany him.

The Polly Peck chairman is staying in London to prepare for next Tuesday's hearing on a bankruptcy petition brought against him by Barclays de Zoete Wedd, which is supported by Lehman Brothers International. The stockbroker is suing Mr Nadir for the non-payment of a total of £32.1m for purchases of Polly Peck shares before the company's collapse.

The administrators believe that they are close to breaking the deadlock in the eastern Mediterranean which has kept them locked out of Polly Peck's main operations in the area.

They expect to gain access by early next week to Meyna,

the Turkish-based fruit and vegetable processor and exporter and one of the biggest contributors to Polly Peck's reported profits.

Mr David Kidd of Cameron Markby Hewitt, the solicitors working with Coopers, went to Cyprus with Mr Stone. The firm's Mr John White said yesterday: "If they read the climate as being favourable, they will try to get the injunction lifted."

Commenting on the fact that the citrus fruit crops on the island would soon become ready for export, and that the administrators control Polly Peck's distribution and marketing arms, Mr Jordan said: "We need one another. They have the fruit, and we have the market."

The administrators hope to announce next week the members of a co-ordinating committee to include representatives of bank creditors, bondholders and institutional investors. They are also considering offers for Russell Hobbs Tower, the UK small domestic appliances manufacturer, which is the only Polly Peck subsidiary for sale at present.

## Telegraph pays a special 12p

The Daily Telegraph yesterday announced a special dividend of 12p as a result of the extraordinary profit stemming from its planned move to Canary Wharf, the office complex being built in London's Docklands, writes Vanessa Houlder.

In July Olympia & York, the privately-owned developer of Canary Wharf, agreed to buy The Daily Telegraph's building at South Quay, across the water from Canary Wharf, for an undisclosed sum. The Telegraph is moving to the 50-storey tower at Canary Wharf next autumn.

## Goodman action adjourned

THE HIGH Court in Belfast yesterday adjourned until November 15 an action taken by Banco Bilbao Vizcaya to liquidate companies of the troubled Goodman group in England, Northern Ireland and Scotland, writes Kieran Cooke.

Banco Bilbao is owed £10.7m by Goodman International, Ireland and Europe's biggest beef processor and exporter. Altogether 38 banks are owed £470m by Goodman, plus an additional £180m in various bank guarantees.

Banco Bilbao is seeking to wind up Goodman's UK operations and in the process recover some of its loans. The

action by the Spanish bank is causing concern to Mr Peter Fitzpatrick, the examiner appointed by the Irish courts, who last week put forward a rescue plan for Goodman's core business.

At the beginning of September Mr Fitzpatrick succeeded in having the assets of Goodman's UK operations transferred to Ireland-registered companies, thus bringing them under the protection of the Dublin High Court.

Mr Fitzpatrick has until the end of the year to agree a rescue plan with Goodman's creditors. Without agreement, Goodman will be liquidated.

## Thyssen agrees bid for Davies &amp; Metcalfe

Thyssen Industrie Group, the German manufacturer which is the largest shareholder in Davies & Metcalfe, has agreed an £18.3m cash bid for the mechanical engineer.

The offer, announced after the market closed, is 27p in cash for each ordinary share and 26p in cash for each 'A' share - about 25 per cent above the share price before Monday's announcement of the bid.

Yesterday, both classes of stock were unchanged at 27p and 26p respectively.

REPORT AND  
1990  
ACCOUNTS

GROUP RESULTS	1990	1989 Restated
TOTAL OPERATING INCOME	59.2M	53.8M
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	30.2M	33.6M
EARNINGS PER SHARE	15.6P	15.2P
TOTAL DIVIDEND PER SHARE	9.0P	8.0P
TOTAL ASSETS AT YEAR END	2,473M	2,379M
TOTAL ASSETS UNDER MANAGEMENT	3,299M	2,849M

66I am pleased to report earnings growth for The NHL Group in what has proved to be a difficult year for most of the business world. This achievement derives from the basic strength of our housing finance operation and also the promising performance of the new businesses which were started last year." John Darby, CHAIRMAN

66The financial services market will improve when interest rates fall. We are strategically placed to take advantage of this, by using our skills in distributing financial products that meet the customers' needs." Kevin Milner, CHIEF EXECUTIVE

THE  
NHL  
GROUP

HOMER ROAD, SOUHL, WEST MIDLANDS, B91 3QJ

Note: This summary of results does not constitute "full accounts" within the meaning of the Companies Act 1985.

The full accounts for National Home Loans Holdings PLC for the year ended 30th September 1990 are unaudited.

A copy of the 1990 Report and Accounts will be sent to shareholders by 12th December 1990.

British Telecom  
HALF YEAR RESULTS

Second quarter and half year results to 30 September, 1990

	Second quarter 3 months ended 30 September (unaudited)	Second quarter 3 months ended 30 September (unaudited)	Cumulative 6 months ended 30 September (unaudited)	Cumulative 6 months ended 30 September (unaudited)
	1990 £m	1989 £m	1990 £m	1989 £m
Turnover	3,267	3,026	6,475	5,954
Operating profit	888	793	1,752	1,593
Profit before taxation	791	678	1,532	1,213
Taxation	265	224	513	446
Minority interests	4	5	10	10
Profit attributable to ordinary shareholders	522	449	1,009	857
Interim dividend			323	281
Earnings per ordinary share	8.5p	7.4p	16.5p	14.2p
Interim dividend per ordinary share (net)			5.25p	4.65p

The interim dividend will be paid on 11 February 1991, to shareholders on the register on 10 January 1991.

■ Turnover up 8.8%

■ Earnings per share up 16.4%

■ Interim dividend up 12.9%

"We are seeing a definite slowing in the rate of growth in our main services which reflects current trends both in the domestic economy and internationally.

"Nevertheless continuing improvements in cost control have contributed to a financial performance satisfactorily ahead of that achieved in the first half of 1989. Quality of service levels were better on virtually all fronts. Our programme for streamlining the group, with its focus on enhanced customer service and better value for money, is on plan."

Iain Vallance Chairman

If you have any queries as an investor, please call 0345 010605. For daily information on the British Telecom share price and matters of interest to shareholders generally, please call 0345 010707. You may telephone these numbers from anywhere in the UK for the price of a local call.

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## UK COMPANY NEWS

Provision cuts  
Bellway to £11m

By Clare Pearson

BELLWAY, the Tyneside-based housebuilder, is proposing to maintain its dividend for the year to end-July after slightly increasing profits before exceptional items for the period from £18.05m to £18.25m.

However, a £7.14m exceptional provision against its land bank in the south of England reduced profits at the pre-tax level to £11.11m (£17.02m).

On maintained unit sales, turnover edged up to £126.23m (£118.13m). But the company suffered an erosion of margins during the second half as conditions in the housing market worsened. A same-again final dividend of 7p makes an 11p total. Earnings fell to 30.5p (41.2p).

Mr Alan Robson, finance director, said Bellway was in a strong financial position with no borrowings and £3.7m cash in the bank.

Mr Kenneth Bell, chairman, said the north-east business made an "outstanding contribution" but in the south, sales "have been and will continue to be poor." He said that owing to the length of the develop-

ment cycle, margins would remain low for the current year even if there were a sudden resurgence in buyer confidence.

## COMMENT

With these results Bellway added its voice to the chorus proclaiming it will be a very long, hard slog through to the next upturn in the housebuilding business. Bellway's second-half margins, comparing profits before exceptional charges with sales, fell by 5 percentage points and the company is not expecting any improvement on this for the current year while it is also factoring in lower turnover. Even without a further above-the-line provision, pre-tax profits may be no bigger than this year's, putting the shares on a prospective pie of about 8.5. That may not look particularly cheap for the sector but Bellway has many strengths. Chief among these is its balance sheet but it also boasts an attractive geographical spread - making a good kind of share for those looking forward to the next turn in the cycle.

Foseco 'has lost its way'  
says Burmah bid paper

By Andrew Bolger

BURMAH CASTROL, the lubricants, fuels and chemicals group, yesterday described as dismal the investment and profits performance of Foseco, the UK speciality chemicals and abrasives producer for which it is making a hostile bid of £236.8m.

In its formal offer document Burmah said that the cash offer of 275p per share was generous in the light of Foseco's poor prospects. Foseco shares yesterday were unchanged at 278p, suggesting that a higher offer is likely to be necessary to win control. Burmah shares closed 16p lower at 444p.

Mr Lawrence Urquhart, chairman and chief executive of Burmah, said: "Foseco as an independent company has lost its way. In spite of expensive restructurings, Foseco has failed to deliver to its shareholders, and its prospects

under current management remain poor."

Foseco responded: "Burmah's arguments are largely based on highly selective extracts from Foseco's accounts. As most of them are out of the archive, they have little or no relevance to the value of Foseco today."

"The Burmah offer is a totally unconvincing attempt to deprive Foseco shareholders of the future benefits of their shareholdings at a price that owes everything to short-term political and economic circumstances."

Burmah said that during the 1980s, Foseco's results had been disappointing and its performance as an investment poor. Adjusted for inflation, Foseco shareholders had lost 39 per cent of the value of their investment in the last 10 years and 52 per cent in the last five.

## Worms at the heart of the paper group?

John Thornhill on who would control the merged WTA/Arjomari

YESTERDAY'S proposed merger between Wiggins Teape Appleton of the UK and Arjomari-Prioux of France had analysts on both sides of the Channel scratching their heads and reading the fine print in an effort to work out the implications of the complex deal.

"Who ate whom? It is not easy to tell," said Mr Alain Kerfourn, analyst at Paris stockbroker Selier.

On the face of it, it appeared that WTA was the dominant player as it would swallow Arjomari assets and take effective management control of the combined business. And it would do so at considerably less cost than if it had launched a full takeover bid.

But a closer reading of the financial restructuring of the deal suggested to many that Arjomari and, in particular, its controlling shareholder, Saint Louis, and in turn its controlling shareholder, Worms at Compagnie, would emerge as the dominant figures in the new venture, even if they remained in the background.

The WTA management would be very much in control of the day-to-day running of the company but to what extent the various French companies would exercise influence behind the scenes remained unclear.

Whatever the gloss put on the financial aspects of the deal, analysts were agreed that the merger had undoubtedly

industrial benefits and would neatly solve WTA's strategic uncertainties which were created at the time of its merger from BAT Industries earlier this year.

At that time WTA believed it was caught on the horns of a strategic dilemma: it was too small to be a big commodity player in the paper industry and too big to be a small niche operator.

"When we were demerged from BAT we sat down and discussed how we were going to survive in our pond. We could either have gone after the big fish in newsprint or we could focus on the high value-added sectors and become a big fish ourselves," Mr Stephen Walla, WTA's chief executive, said yesterday.

The link-up with Arjomari will now enable WTA to concentrate on this high value-added end of the paper market which has also proved to be the highest growth sector of the industry.

In terms of product mix, the benefits of the merger are clear.

WTA's strengths in carbonless and thermal papers and business stationery will fit snugly with Arjomari's successes in the fields of coated, fine and industrial papers.

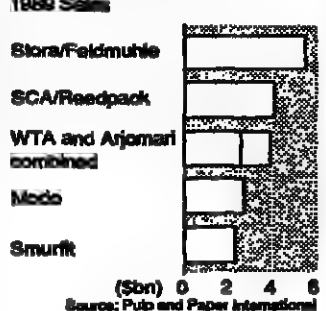
But in geographical terms as well, the two businesses will complement each other. WTA's strong presence in the UK, French and Belgian markets will bolster Arjomari's busi-

nesses in these markets, and the combined group will also gain a good position in the Netherlands, Italy and Spain. Furthermore, WTA will now have the ability to market Arjomari's products in North America.

"It is a quite remarkable fit," Mr Walla said.

## European paper companies

1989 Sales



The merger will give the combined company a unique profile within the paper industry as it will firmly entrench the business in the merchanting and distribution ends of the market.

Most of the other big European paper companies are clustered closer to the commodity end of the market.

Mr Walla believes that merchanting will become vital for the future of the industry. "Merchanting is an absolutely

crucial activity with almost two-thirds of the industry in the hands of the paper manufacturers," he said.

WTA estimates that the total paper merchanting market in the EC is worth about \$5bn and believes that after the deal it will account for about £1bn of this. The next biggest player - Stora-Feldmuhle - would have about 10 per cent of the market.

"Most of the other major players in Europe are going to feel very uncomfortable about this deal," Mr Walla said.

It is still possible that WTA's competitors will feel so uncomfortable that they may intervene to break up the proposed party.

Ever since its demerger, WTA has been seen as a possible takeover candidate and this latest move may flush out such a predator.

The deal may also encounter difficulties in winning shareholder approval especially if Wiggins Teape's shareholders are unclear of the extent of the management's autonomy.

And it will also have to be approved by the regulatory authorities in Brussels, although WTA seems fairly confident this will not present a problem.

Mr Walla, at least, was in no doubt as to the benefits of the deal yesterday. "It creates an extremely powerful grouping which will be able to compete on a world scale," he said gleefully.

## National Home Loans falls to £30m

By David Waller and David Barchard

NATIONAL HOME Loans Corporation, the mortgage lender, yesterday announced a fall in pre-tax profits from £33.5m to £30.25m in the year to September 30, but managed to increase fully diluted earnings per share by a fraction, from 14p to 14.1p.

Mr John Darby, the chairman, said that 1990-91 had been a difficult year, but the earnings increase was encouraging. As an expression of confidence, the final dividend is 5.25p (4.74p), making a total of 9p (8p) for the year.

Housing finance, by far the biggest area of group operations, was hit on three fronts. First, demand for mortgages was knocked because of

high interest rates; advances were just under £900m against £1.5bn for 1989-90.

Second, margins on the lending side were squeezed. As a result, net interest income fell from £44.7m to £39.2m.

The third factor was an increase in arrears and provisions for bad debt. The company would not give detailed figures, but said that the number of people who were more than one month in arrears had risen by 60 per cent; the write-off due to reposessions was £379,000.

Pre-tax profits from housing finance were £29.3m, of which £15.3m (before operating expense of £14m) was earned from fees rather than from

interest rate differentials. Contributions from new businesses were: clearing, £246,000; business loans, £798,000; consumer loans, £1.31m.

## COMMENT

If nothing else, 1990 seems to have proved that NHL can stand on its own feet even in a bad year. Given that the housing market has been sunk in its worst depression since the end of World War Two, these results look fairly resilient, with the group more or less able to maintain its profitability

and also to improve its net earnings per share, even if the latter was mainly achieved through a tax charge adjustment. The sharp drop in lending for housing finance has been offset largely by earnings on early redemption penalties: indicating perhaps that these can function as stabilisers for mortgage businesses in hard times.

Last month's interest rates cut should help as the market begins to recover. The growth in the dividend has been achieved though at the cost of a fall in dividend cover from 1.88 per cent to 1.73. 1991 is not going to be an easy year for any mortgage lender, but NHL looks better positioned than most.

Stanhope assets rise 33%  
but profits slip to £15m

By Vanessa Houlder, Property Correspondent

SHARES OF Stanhope Properties jumped 10p to 98p yesterday after the company announced a 33 per cent increase in its net assets from £344.7m to £457.7m for the year to June 30.

At the operating level the USM-quoted developer, which is involved in several of the biggest developments in London, ran up a loss of £6.03m compared with previous profits of £360,000. Interest income of £22m (£18.43m) left the pre-tax figure little changed at £15m (£15.6m). Turnover totalled £23.37m (£23.95m).

The assets growth, which bucks the general trend of falling property values in London, was ascribed to properties at Grays Inn Road, Red Lion Square, Stockley Park and

Staines. It also reflected the first valuation of phases 7 and 11 of the Broadgate Development, which it has developed in partnership with Rosehaugh, the property group headed by Mr Godfrey Bradman.

The breakdown of negotiations with LDDC on a 300 acre site in the Royal Docks at the eastern end of Docklands resulted in a £9.4m write-off in its joint venture, Rosehaugh Stanhope Developments.

Mr Stuart Lipton, chief executive, said that although the next 18 months would not be easy, he viewed the future with confidence because of Stanhope's competitive strengths.

Earnings per share fell from 6.53p to 4.94p. The final dividend was maintained at 0.1p.

Leading Leisure was  
close to rescue, says chief

By Andrew Hill

MR BARRY Malizia, chairman and chief executive of Leading Leisure, claimed last night the group had been close to agreeing a rescue deal with another company when administrative receivers were appointed.

Mr Peter Padmore and Mr Ryan Densham of Price Waterhouse were called in yesterday at the Third Market company, apparently at the request of Lloyds Bank, but Mr Malizia said: "We obvi-

ously fought the decision. We didn't invite the receivers in: we had a game-plan which we thought was far more beneficial than anything the receivers might propose."

The receivers hope to sell Leading Leisure's interests as going concerns.

But Mr Densham said he would entertain offers from anyone wanting to buy the whole group, an avenue Mr Malizia was exploring earlier this year.

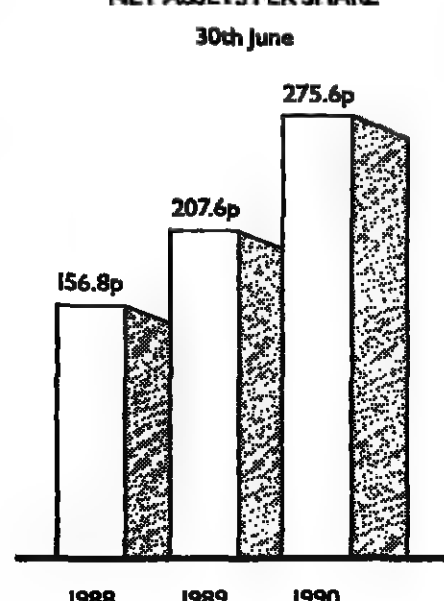
33%  
Increase  
In Net  
Assets  
Per Share

Despite the current uncertainty about the business environment which has resulted in a weak property investment market, and an over-supply of space, Stanhope's cautious long term strategy has enabled it to grow successfully at a time when other developers are encountering severe problems.

In the financial year to June 30 1990, reported net assets increased by 33% to £457.7 million. Net assets per share rose 33% to 275.6p. Whilst this growth reflects for the first time the valuation of Phases 7 and 11 of the Broadgate Development, the larger part of the growth is attributable to non-Rosehaugh Stanhope Developments assets. Profits before taxation decreased 3.5% to £15.0 million in the same period.

The success of our strategy is shown in the company's healthy cash liquidity position and overall financial performance."

## NET ASSETS PER SHARE

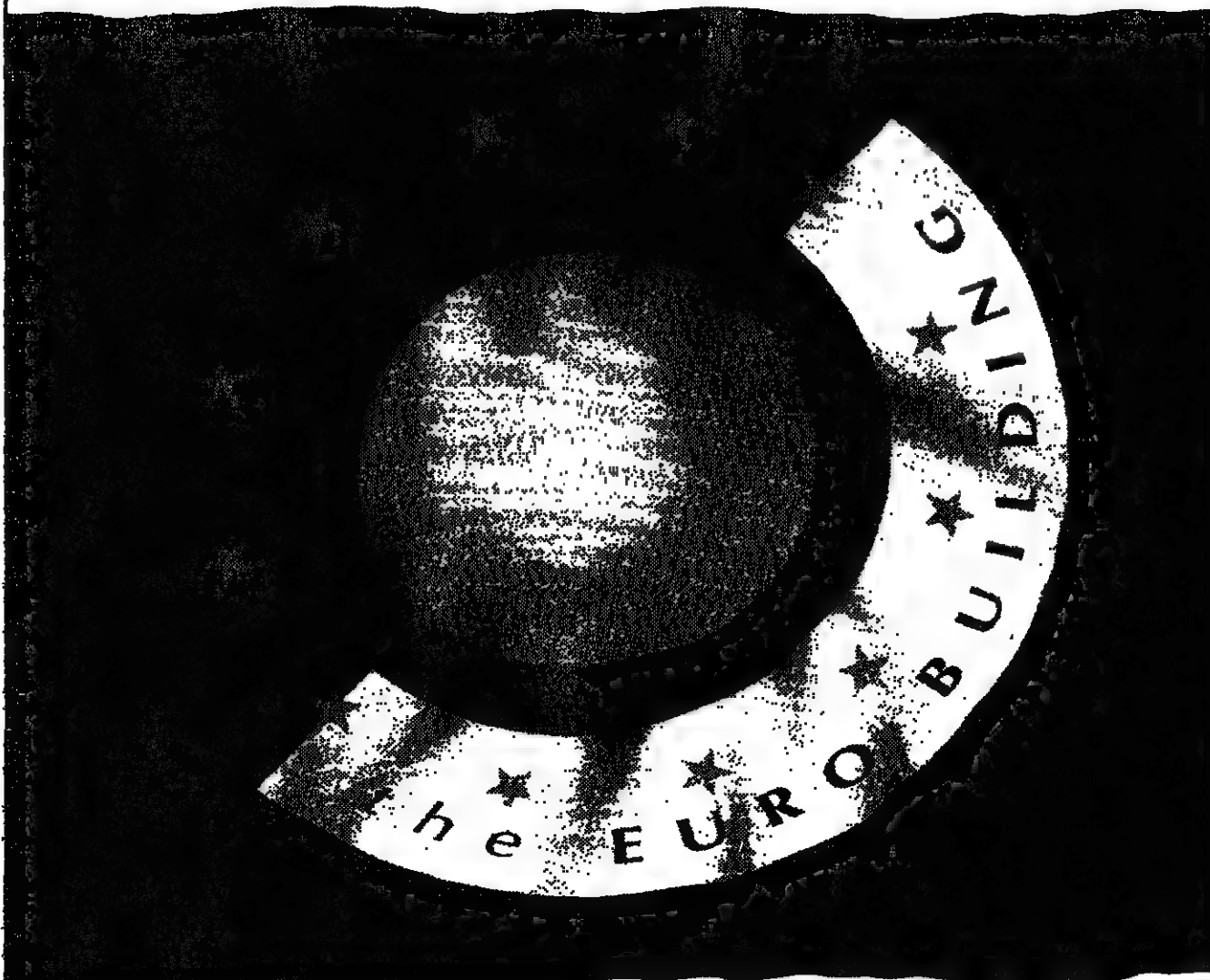


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continue to be addressed.

## UK COMPANY NEWS

### Yale shares dive 34p on 22% profits fall to £20m

By Clay Harris, Consumer Industries Editor

YALE and Valor, the security and home products group, blamed the weakness of the dollar and fewer housing starts in the US and the UK for a 22 per cent decline in pre-tax profits from £25.9m to £20.3m in the six months to September 30.

Sales slid by 12 per cent to £179.6m (£203.9m). The interim dividend is being maintained at 3.9p, despite a 17 per cent fall to 11.28p (13.65p) in fully diluted earnings per share.

Yale's shares lost more than a sixth of their value yesterday, closing 34p lower at 158p. Mr Michael Montague, chairman, said orders from the Middle East "virtually dried up in mid-August" and were showing no signs of recovery. Kuwait alone was Yale's single largest export market for electric showers.

The group's Italian locks plant, which exports two-thirds of its production to the Middle East, had also sent home 100 of its 300 employees until business picks up.

Fall-out from tension in the Gulf had also depressed demand in the US and UK, with business taking a sharp downturn in August and September, Mr Montague said.

But he predicted that recovery could swiftly follow a resolution of the crisis.

"We want to see the other side of what is now the shouting war and may be the shooting war," he said.

The company had put a cost-cutting programme into effect in August, with contingency plans ready if further cuts were needed. Worldwide, it had eliminated 500 of 7,500 jobs. However, Mr Montague said new product development and



Michael Montague - Middle East orders have dried up

capital investment to improve efficiency were sacrosanct.

He said exchange rate changes had accounted for about half of the reductions in turnover and operating profits, which fell by 29 per cent to £21.1m (£29.6m). The pre-tax figure suffered proportionately less because interest payable declined to £900,000 (£3.8m).

NuTone, Yale's US built-in domestic appliances subsidiary, retained its leading share of a declining market but resisted pressure to cut prices.

"Some of the business we haven't done, we haven't done because we wouldn't do it," Mr Montague said.

UK housing starts were likely to be at a nadir at 10,000 a month, he said. The security business was experiencing mixed fortunes, depending on the strength of local economies.

#### COMMENT

Yale is almost entirely dependent on consumer and building products and made 74 per cent of its operating profits in the US last year. It is hard to imagine a worse economic outlook for the chairman to mull over in his incommensurate manner. One small consolation is that Yale never proceeded with a plan to build a shower factory in Kuwait. However, unless peace and prosperity break out overnight, full-year pre-tax profits are likely to dip by a quarter to £42.5m, which is lower even than the 1988-89 result. This puts the shares on a prospective fully diluted price of 6.6, compared with a yield of 8.5 per cent, assuming an unchanged final dividend. Yale has a strong balance sheet and will take off when the recovery comes.

### GPA advances 22% to \$140m and expects further growth

By Paul Bettis, Aerospace Correspondent

GUINNESS PEAT Aviation (GPA), the world's leading aircraft leasing group, yesterday reported a 22 per cent increase in net profits from \$14.8m to \$18.0m, or \$1.64m, for the six months to September 30.

The Shannon-based group said it was still expecting to report further growth in the second half despite the increasing uncertainties clouding the aviation industry. Financial analysts are estimating year-on-year profit growth for GPA of between 20 and 30 per cent.

Mr Maurice Foley, vice-chairman and group president, said it was extremely difficult to predict the short-term future for the aviation industry, but he felt demand for air travel and aircraft would remain sustained in the longer term.

Nonetheless, GPA has scaled back its longer-term forecasts for the aviation industry. It now expects a requirement for about 7,000 new aircraft during the next 10 years compared with its forecast made before the Gulf crisis of 7,800 aircraft for the decade.

GPA was estimating average annual growth in air travel of 6.25 per cent through the 1990s. This has now been trimmed back to 6 to 6.75 per cent.

Mr Foley said GPA felt there would be important growth opportunities for western aircraft sales in eastern Europe and the Soviet Union. GPA is estimating demand for up to 500 western jets in the Soviet Union and about 250 jets for east European countries.

But Mr Foley said GPA was well equipped to face the current difficult situation because of its strong balance sheet with low financial gearing. Moreover, the average age of its aircraft fleet was less than five years old.

Concern has been growing in the industry that aircraft leasing companies could suffer from the combination of the developing bank credit squeeze on aircraft financing and the financial pressures facing airlines as a result of soaring fuel costs and the threat of a general economic recession.

However, demand for new

fuel-efficient aircraft meeting the new European and US noise and environmental norms is expected to continue to remain strong, while the market for older jet aircraft built before 1978 is likely to be severely hit.

GPA currently has 280 jet and turbo-propeller aircraft on lease to 83 airlines throughout the world. It is due to take delivery of about 90 additional aircraft next year. Overall it has 700 aircraft on order, including options.

The group's revenues increased by 17 per cent to \$965.1m in the period under review. The company said shareholders' funds were \$98.3m and the value of the assets under its management was \$4.5bn at the end of September. Borrowings at the end of September totalled \$1.8bn with interest charges averaging 9 per cent.

GPA executives said the group had not taken any decisions on floating the company on the Stock Exchange.

### UniChem expects to raise £25.7m in flotation cash call

By Clare Pearson

UNICHEM, the pharmaceutical wholesaler, yesterday announced it expected to raise a net £25.7m through the rights issue that is to accompany its flotation on the stock market scheduled for next Thursday.

The flotation marks the culmination of UniChem's conversion from co-operative status, which was approved in May by the 4,400 pharmacists who own the company.

The 27m rights shares are to be issued on a two-for-five basis at the deeply discounted price of 100p each. This assumes a flotation value for the existing share capital of about £100m.

Unusually for a discounted issue, the shares are being underwritten by UBS Phillips & Drew, UniChem's sponsor, said

this was owing to jittery stock market conditions.

UniChem also forecast that its pre-tax profits for the year to end-December would not be less than £16m, a 10 per cent increase. It said that it intended to pay a maiden final dividend of 1.5p net.

Pro forma earnings per share, calculated on the basis that the flotation had taken place before the start of the year, are 13.3p and the notional full-year net dividend payment 4.5p.

Proceeds of the rights issue will initially be applied to reduce debt. However, the company has a number of expansion plans, including the setting-up of a franchise scheme after its flotation.

### Worcester makes Belgian purchase and pref placing

By Andrew Hill

WORCESTER GROUP is hoping to sell its "combi" central heating boilers into the established continental European market following the £2.76m cash-and-shares purchase of Radson, a Belgian boiler-maker.

The UK company also intends to raise \$4.5m with a placing of convertible preference shares, available to shareholders on the basis of one for every five ordinary shares held. Members of Radson's management will pay £278,750 to retain a 10 per cent stake in the business, convertible into Worcester shares.

Net proceeds of £3.3m following the acquisition and placing will be used to reduce Worcester's borrowings, bringing gearing down to about 50 per cent by the group's December year-end.

Worcester's combination boilers heat water directly from the mains, while Radson has cornered 40 per cent of the Belgian boiler market with effi-

cient but more expensive condensing boilers.

Although Radson's losses nearly quadrupled in 1989 to £1.78m before tax, and the business lost £1.1m in the first half of 1990, Mr Cecil Duckworth, Worcester's chairman, blamed rationalisation, now complete, and the adverse effect of selling boilers through Radson's sister subsidiary, which the UK company is not buying.

Worcester will pay £1.5m in cash for Radson and issue 1.25m new shares to the vendor, which has guaranteed to pay the UK group 90 per cent of the UK's annual losses surplus £485,000 in 1990.

Worcester, which is forecasting a slightly increased final dividend of 2.6p, is also selling Packaging Products, a subsidiary making specialist paper packaging products, to its management for a total of £938,000, including a £589,584 dividend payable to the parent company.

### Colefax warns on profits and share price falls 26p

By Alice Hawthorn

COLEFAX & FOWLER, the Sloane rangers' staple source of furnishings, yesterday became the latest casualty of the recession when it issued a profits warning.

The group's shares fell by 26p to 62p when it announced this year's profits would be lower than expected because of the impact of the weak dollar on its US income and the poor performance of Jane Churchill, one of its UK subsidiaries.

Mr David Green, chief executive, said the original Colefax business in the UK, which has sold wallpaper to everywhere from the Bank of England to Buckingham Palace, was still faring well.

However Jane Churchill, a

smaller furnishings company operating in the more vulnerable middle market, has been hit by the recession. Churchill has also had to carry the cost of three shops which it has unsuccessfully tried to let.

At the same time the weak dollar has depressed reported profits from Cowtan & Tait, the US business. The weaker dollar has also increased the cost of Cowtan's imported raw materials.

Colefax made pre-tax profits of \$4m on turnover of \$31m in its last financial year to March 31. Analysts, who had originally expected profits of around £4.5m for this year, have reduced their forecasts to £3m.

#### NEWS DIGEST

### Further decline at Welpac

IN THE six months to July 31, Welpac, the USM-quoted hardware, DIY and electrical products packager and lighting manufacturer, has again seen pre-tax profits fall - from £124,871 to £90,117 - after the 37 per cent drop to £364,000 it reported for the year to January 31.

However, the company said it was satisfied with the performance during a difficult period for the UK economy and was confident of an improvement in its traditionally weighted second half.

Turnover slipped slightly to £5.24m (£5.37m) and interest

receivable declined to £855 (£21,553).

After no tax (£43,706), earnings were up at 0.34p (0.31p) per share.

### 15% increase at Appleby Westward

Appleby Westward, the USM-quoted West Country-based grocery wholesaler, attributed a 15 per cent advance in interim pre-tax profits on the fine summer and an increase in people taking holidays at home rather than abroad.

Profits for the 39 weeks to September 7 rose from £1.03m to £1.19m on sales 24 per cent higher at £38.86m (£31.34m).

The interim dividend has been increased by 0.5p to 3p on earnings per share of 13.8p (11.9p).

Mr Roger Harvey, chairman,

said the investment of nearly £500,000 in building another warehouse and setting up a temperature-controlled distribution division had also proved beneficial.

### GRE formalises Sumitomo accord

Guardian Royal Exchange, the leading general and life insurer, yesterday announced it was formalising a long-standing co-operation agreement with Sumitomo Marine and Fire Insurance, Japan's fourth largest non-life insurer, writes Richard Lapper.

The two companies will introduce insurance business to each other and co-operate over reinsurance and training. GRE has had informal links with Sumitomo for more than 20 years.

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(Incorporated in England and Wales No. 112804)

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Share Capital		Issued
Authorised	—	—
£1,987,350.50	— Ordinary Shares of 1p each	£691,398.87
£7,437,062.50	— Convertible Preference Shares	£7,437,062.50
		(partly paid up to £3,718,531.25)

Particulars of the Convertible Preference Shares are contained in a Circular to Shareholders dated 16th October, 1990 ("the Circular"). Details of the Circular are included in the Companies Fiche Service available from The Stock Exchange and copies of the Circular will be available to the public for collection only from the Company Announcements Office of The Stock Exchange at 46-50, Finsbury Square, London, EC2A 1DD during normal business hours up to and including 13th November, 1990. Copies of the Circular may also be obtained during normal business hours up to and including 23rd November, 1990 from the registered office of the Company at Brewmaker House, First Avenue, Millbrook, Southampton, SO1 1LG and from the following addresses:

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9th November, 1990

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Company Limited ("WAGM")

By No. 200351-0

Elburg Gold Mining  
Company Limited ("Elburg")

By No. 200351-0

Result of the rights offer by South Deep of 19 708 000 ordinary shares of 1 cent each and result of the offer for sale by WAGM to its members of its entitlement to 16 123 390 fully paid shares in South Deep

South Deep announces that its R231.6 million rights offer of 19 708 000 ordinary shares of 1 cent each to WAGM, Johannesburg Consolidated Investment Company, Limited and the other participants in the South Deep Project Area which closed on 31 October 1990 was fully subscribed. Accordingly the total issued and listed share capital of South Deep with effect from 1 November 1990 was 39 414 000 ordinary shares.

WAGM announces that in terms of its own offer for sale

of 16 123 390 South Deep shares which closed on Friday 2 November 1990 and which forms part of the above issued ordinary share capital of South Deep, acceptances were received for 4 978 357 fully paid shares amounting to 30.99% of the offer. The remaining shares, being 11 145 033, will be taken-up by the underwriters in terms of the underwriting agreement. South Deep share certificates will be posted to members on 9 November 1990.

9 November 1990



**E**stablishing a business in Saudi Arabia is not something to be taken lightly at the best of times, but the prospect of a Middle East war over neighbouring Kuwait has made even the most bullish investors pause for thought.

The Gulf crisis, however, has also underlined the growing economic importance of Saudi Arabia and its fellow oil states. Their dominance of oil supply is becoming more pronounced as oil reserves elsewhere decline.

International companies which can look beyond the next set of interim results are acutely aware that Saudi Arabia alone has a quarter of the world's oil reserves, and the whole Gulf region 70 per cent.

Populations in the Arab Gulf states are small. Saudi Arabia's native inhabitants number around 7m or 8m - but they are growing fast and per capita income is among the highest in the world. Imported labour is relatively cheap, and there are no trade unions.

Companies investing in Saudi Arabia find advantages and disadvantages (tax holidays on the one hand and cumbersome bureaucracy on the other) which are typical of other markets. But they also encounter a conservative Islamic culture and a business environment which may be totally alien to them.

The government, with all its oil revenues, is the driving force in infrastructural development and major industrial projects, while a number of merchant families control most of the rest of trade and industry. Within these guidelines, Saudi Arabia can be described as a free market economy.

Financial incentives reserved for locally-controlled companies, together with the dominance of the merchant families, mean that the basic vehicle for investment in Saudi Arabia is the joint venture.

Everybody with experience of investment in Saudi Arabia repeatedly emphasises the importance of choosing the right Saudi partner and getting to know him personally, whether that means going on picnics in the desert, attending a feast known irreverently by expatriates as a "mutton grab", or simply drinking a lot of tea and coffee. However, cultural differences should not be over-emphasised, particularly when it comes to sophisticated western-educated businessmen.

As in any joint venture, a good partner will take a close

## Doing business in Saudi Arabia

# Why expertise and a partner are the prerequisites

Victor Mallet offers guidance on opportunities in a fast expanding economy

Interest in the business and use his influence with government ministers or officials when required. A bad partner will want to enjoy his share of the profits while playing only a nominal role, and he may be obstructive if the business goes awry or has to be wound up.

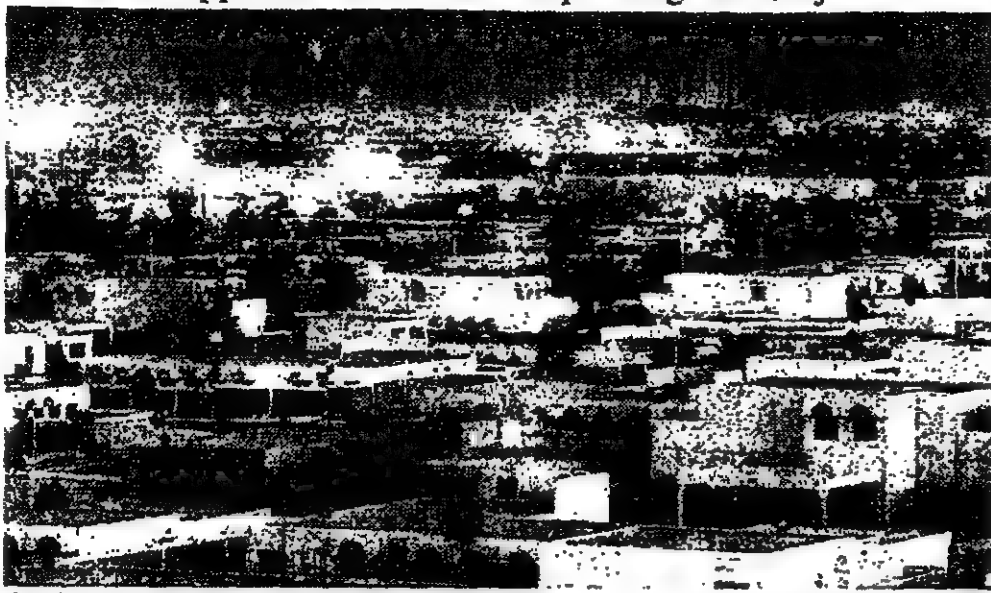
Four years ago Metal Box (now CMB Packaging) following the merger of Carnaud and Metal Box) invested in Saudi Arabia because it found itself supplying large volumes of cans to the Kingdom from outside and did not want to lose this healthy soft drinks market to anyone else.

"From the day we started digging it was nine months to trial production and one year to getting our full production off the ground," says Ashok Kapoor of CMB, who is general manager at the National Factory for Cans Ltd (Nafcel) in Jeddah. "I don't think we've done it as quickly anywhere else in the world."

The initial investment was 130m Saudi riyals (£18m) and today the factory and its 170 employees produce 4bn cans a year.

Nafcel is unusual in that the foreign share is lower than the usual 40 or 49 per cent, although, like many foreign companies, CMB has a management and technical consultancy agreement with its Saudi joint venture which improves its effective financial benefits from the operation. CMB has 16 per cent of the venture, with four leading Saudi trading houses - two of them customers - taking 21 per cent each. Nafcel is widely regarded as one of Saudi Arabia's most successful joint ventures.

"We're kicking ourselves for not taking a bigger chunk of the equity," says Kapoor. He points to the advantages of Saudi Arabia, including a cheap loan for about half the initial capital from the Saudi Industrial Development Fund (SIDF), a 25-year lease in an industrial estate for next to nothing, and cheap electricity. Kapoor rejects claims that the shortage of demographic and economic statistics and the



Jubail Industrial City in Saudi Arabia has seen billions of dollars of inward investment in petrochemicals plant in recent years

amount of bureaucracy are insurmountable obstacles, but advises newcomers to hire local experts such as lawyers and architects who know how to deal with the authorities.

Above all, he says, an investor has to have something to offer in the way of technical or management skills. "They (the Saudis) have got enough money," he says. "It's not money these guys are looking for." Nafcel is a private company and does not publish its results, but Kapoor says it is a success. "The local market did not perform as well as we had projected. But we used our capacity here to sell in export markets. We found we were able to compete on a world-wide basis."

Like CMB, BP Solar found itself exporting to the Gulf in this case the product was solar electricity generation equipment - and decided to set up an SR7m factory to assemble its products in Riyadh in Saudi Arabia. The 49-51 partnership with Ahmad Hamad al-Gosaili, BP Solar's former agent, makes BP Solar Arabia a local company with better access than foreign com-

petitors to ministry projects; the uses for solar panels include power generation for telecommunications repeater stations and for aircraft warning lights on pylons in remote areas.

"Saudi Arabia was seen as one of our larger markets within the whole of the Gulf area and the benefits provided by the SIDF made us select Saudi Arabia," says Stephen Back, the local company's general manager. The company has been producing since the start of this year following the granting of an industrial licence, commercial registration and agreement on an SIDF loan.

"You have to be prepared to be quite patient with the various pieces of paper they require," says Back of the SIDF procedure, but he adds that the SIDF will help promote local businesses and that there are no problems provided the rules are followed. Roughly half the sales are exported and half are destined for the domestic market, although the Gulf crisis has made customers in the region put many of their civil investments on hold.

Many companies find that dealing with the SIDF and the bureaucracy to ensure import duty exemptions for local firms is particularly laborious. Companies must specify their import needs in great detail for each category of input for the year ahead. "The Ministry of Finance wants the duty and the Ministry of Industry wants the exemptions," says one businessman in Dhahran. "It means you've got to have some fairly sleek operators to go and deal with the authorities."

Another complaint concerns the informal waiving of the system which is supposed to favour Saudi companies if they bid within 15 per cent of the price of competing imports. "We can't always guarantee that we get that advantage," says one joint venture manager in Riyadh.

Saudi Arabia, anxious to import technology and develop its non-oil industries, has long favoured "offset" - whereby companies winning contracts agree to make an investment in part-exchange. The best known of these arrangements involves the huge defence contracts signed with British,

French and US suppliers, but the principle is widespread.

British Telecom, for example, is poised to make an undisclosed new investment in Saudi Arabia as part of an agreement reached when it won a SR161m contract three years ago to manage the Kingdom's telex and data networks. Offset is often unpopular with foreign companies; they are usually supposed to benefit from streamlined investment procedures, but they tend to find that offset has simply added another layer to the bureaucratic process. Offset is nevertheless a price that some times has to be paid to win a contract. "The Saudis have been ripped off so many times that they are very cautious," says one expatriate businessman in Riyadh. "They want to have some hook into a foreign contractor so that instead of being bled themselves they can bleed the foreigner of his expertise."

The Gulf markets, and Saudi Arabia in particular, are peculiar in several respects. Banks and construction companies were burned in the 1980s by unpaid debts. Statistical information is generally regarded as inadequate, and official population surveys are not published. Foreign companies must be aware of puritan Islamic sensibilities, especially in advertising. "You can't even show someone washing their hair because it's a presupposition that she hasn't got any clothes on," says one businessman.

Saudi Government officials and inexperienced company employees are often terrified of decision-making, and why foreign company representatives or their local partners must persuade bureaucrats that not taking a decision will be more risky than taking one.

"The skill lies in getting what you want out of the country but getting it reflected back to you as if it was their idea," says one foreigner in Riyadh.

"Commissions" for major defence contracts may still apply - as they do elsewhere - but petty corruption is far less widespread than it was in the oil boom years of the 1970s.

"Companies should be taking a long-term view and employing the Japanese concept of where do they want to be in the year 2030," says Ian Alston, regional manager for British Telecom in Riyadh. "If one has confidence in one's product one has got to be prepared to accept the downside of the first few years."

Previous articles in this series were published on July 27 (Italy) and October 10 (France).

## Management abstracts

Deadly waves that spell disaster. *J. Humphries in Computer Weekly (UK), July 5 90 (2 pages).*

Examines the evidence that suggests that electrical interference is a growing cause of spurious computer faults. Among the organisations which have suffered are British Telecom, the Civil Aviation Authority and BP, an exploratory oil rig of which went walk-about on the open sea after a mobile radio interfered with the computer which aligned the rig's position. Gives examples of how companies have overcome problems, and offers the hope that proposed legislation will eliminate the problem.

Staff management: law of contract. *P. Sweet in Computing (UK), August 2 90 (2 pages).*

Looks at the pros and cons of employing computer contractors. Offers advice on dealing with agencies, how to overcome problems with existing staff, and shows how contract staff can be used to one's own advantage. Concludes that a contract should be signed for a job, not a person.

What now for the global acquirer? *Directors & Boards (US), Spring 90 (4 pages).*

A round-table discussion among a polyglot cadre of international buyers, sellers and financiers as to where the global acquisition game plan may be going. Around the table there is, for example, the manager of acquisitions at Hanson who claims that "we are now looking more closely at the group of LBOs and other companies that could be in trouble and might present an opportunity."

There are a fair number of references to the European situation, there is also some tabulated information showing - inter alia - foreign acquisitions of US companies and the top European cross-border deals of 1989.

What is a human resource strategy? *MA Thomas in Employee Relations (UK), Vol 12 No 3 90 (5 pages).*

Asserts that the precise meaning of "human resource strategy" what it looks like and how it is developed, has been conveniently avoided, despite the increasing interest in the concept; attempts to provide the practitioner with a practical framework for developing such a strategy. Defines HR strategy as a "co-ordinated set of actions aimed at integrating an organisation's culture, organisations, people and

systems", and its implementation as involving a human resources mission statement, an analysis of human resources strengths and weaknesses, opportunities and threats, and planning to meet strategic objectives. Improving working relationships. *B. Lusher in Journal of European Industrial Training (UK), Spring 90 (17 pages).*

A case history, in extraordinary detail, of a consultant-led, two-day workshop set up to improve the team success of, and the relationships between, an action-and-results-oriented personnel director in an unnamed consumer goods company and his four subordinates, for whom personal relationships were more of a priority.

Management of talent. *T. Houghton in European Management Journal (UK), June 90 (8 pages).*

Presents a framework for the successful management of talent. This includes formulae for competence profiling and for assessing leadership styles and work climate in the immediate environment. The aim is to attempt to change the superficial basis on which many decisions about people are taken in organisations. Explains why talented people often fail to meet organisational expectations because job requirements are unstructured and short-term criteria dominate selection procedures; suggests how these faults can be corrected by competence profiling of people and jobs as a guide to a selection and future development. Offers a case study illustrating such an approach. From national to European - how to make it happen? *HK Jakob in European Management Journal (UK), June 90 (7 pages).*

A vice-president of Jacobs-Suchard, the Swiss confectionery maker, examines the need for business to Europeanise in preparation for the single market; advocates five crucial strategies - the development of Euro-networks, the appointment of Euro-working groups, the encouragement of Euro-mobility, the establishment of Euro-English (a functional language of international business communication), and the creation of a sense of corporate Euro-urgency.

These abstracts are condensed from the abstracting journals published by Arthur Management Publications. Licensed copies of the abstracts may be obtained at a cost of 50p each (including VAT and postage) from Arthur Management Publications, 200 Victoria Road, Westborough, MA 01581.

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## LONDON STOCK EXCHANGE

## Calm response to Major's statement

THERE WERE enough black clouds on both the domestic and international fronts to keep UK equities depressed throughout yesterday's session. However, a loss of 23 points on the FT-SE 100 scale caused few tremors among market strategists and the market steadied at the close after the UK government's Autumn Statement on the British economy was received calmly in the City of London.

The international backdrop looked particularly intimidating, with crude oil prices sharply higher overnight following the Iraqi president's warning to the Iraq president from Mrs Thatcher, the UK Prime Minister.

In London, however, Brent North Sea prices eased from their highest levels and tensions relaxed a little.

Account Dealing Dates		
West Dealings	Nov 6	Nov 19
Options Dealings	Nov 1	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15
Nov 1	Nov 15	Nov 15

although the UK equity sector was virtually closed when it heard reports that President Bush planned to make a statement on the Gulf situation. Nervousness over the Middle East situation was particularly noticeable in the London stock futures market. A modest rally in the equity market at mid-morning was absorbed by the effects of a "basket trade" by a leading securities house which sold the FT-SE December futures contract and bought

the underlying stocks in the Footsie list.

The minor rally in equities soon ran into the ground and the market slipped to a loss of nearly 26 Footsie points while traders waited for the Autumn Statement to the House of Commons by Mr John Major, the UK Chancellor of the exchequer.

The City had expected "few upsets" from the Chancellor, and it was proved right. "The Autumn Statement was pretty much in line with our expectations," said Mr Richard Kersley from the economics team at Barclays de Zoete Wedd.

Revised forecasts of £200bn Public Expenditure in 1991-1992 and of £180.6bn for the current fiscal year were as expected and predictions of economic growth at 1 per cent this year and 0.5 per cent overall in 1991

were judged acceptable by equity market analysts, although they were slightly below the most optimistic City forecasts. Equities rallied very modestly following the Chancellor's speech and the FT-SE ended the day 23 points down at 2,036.3.

Session volume increased from 373.7m shares on Wednesday to 423.1m yesterday. The institutions appeared to be cautious buyers again at the lower levels. Several of the larger securities houses said their trading books were noticeably weighted yesterday towards the buy side.

International stocks generally shed a few pence as the pound edged ahead at mid-session, but steadied later when sterling came back from the day's highs.

A feature of this sector was

the trading statement from SmithKline Beecham, which had been identified as one of the most attractive defensive stocks in a corporate sector beset by problems on the domestic front. However, the shares turned down after the results as profits were taken.

There was little market response, however, to third quarter results from BP and Shell, both swollen by abnormal stock profits reflecting the rise in crude oil prices.

On the brighter side, the market was encouraged by confirmation of one of its long-running bid stories when Northern Telecom of Canada bid £1.9bn for STC, the UK electronics group. Also confirming market predictions was the news of a planned merger of Wiggins Teape Appleton with Arjomari of France.

## FINANCIAL TIMES STOCK INDICES

	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sept 30	Sept 29	Sept 28	Sept 27	Sept 26	Sept 25	Sept 24	Sept 23	Sept 22	Sept 21	Sept 20	Sept 19	Sept 18	Sept 17	Sept 16	Sept 15	Sept 14	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	Sept 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Gulf fears underpin dollar

THE DOLLAR gained ground against the D-Mark and the yen yesterday, supported by fears about war in the Gulf, but it finished well below the day's highs after US President George Bush said he was worried about an economic slowdown.

Mr Bush said that he wants to give sanctions against Iraq time to work, but is not ruling out any options in the Gulf. This followed Wednesday's warning on military action from Mrs Margaret Thatcher, the UK prime minister.

The US president also said that he is worried about the economy. "I want to be sure that to the degree a president can do something to soften the blow or to stimulate economic growth that he tries to do it."

This was taken as a hint of pressure on the Federal Reserve to cut interest rates again. A further easing of monetary policy is not ruled out at next week's meeting of the Federal open market committee, even though concern has been voiced about the weakness of the dollar.

Mr Pierre Bergey, French finance minister, said yesterday that he did not think the US had any lasting interest in a market drop in the dollar. Towards the end of the day, he wrote to Mr Nicholas Brady, US Treasury Secretary, suggesting an early meeting of the Group of Seven to discuss the subject of the dollar. Mr Bergey claims that Mr Brady told him the issue should indeed be examined, but the market view yesterday was that an early meeting is unlikely.

The German Economics Ministry said it had no comment on the French call for a meeting, but earlier this week a Bundesbank board member seemed to indicate the German central bank was happy with the situation and had no reason to intervene if the Fed does not act. Bonn has also indicated that the effect of a weak dollar on the German economy should not be overestimated.

At yesterday's close in London the dollar had climbed to DM1.4880 from DM1.4820; to Y129.85 from Y128.10; to SF1.2485 from SF1.2435; and to FF4.9925 from FF4.9700. Its index rose to 60.5 from 59.9.

Sterling weakened slightly after Mr John Major, chancellor of the exchequer, made his Autumn Statement to the British parliament. The broad outlook for the pound was unchanged however, according to dealers. There were no great surprises in Mr Major's forecasts that inflation will drop of 5.5 per cent in the fourth quarter of 1991, the current account deficit will narrow to £11bn from £15bn next year and that government spending in 1991/92 will rise to £200bn.

The pound remained the weakest currency in the European Monetary System. It fell to DM2.9275 from DM2.9300, but was unchanged at FF9.8225 and at SF2.4575, while rising to Y255.50 from Y253.25. Sterling lost 90 points against the dollar to \$1.9675, but its index rose 0.1 to 94.4.

Estimated volume total, Cals 2592 Pals 1502  
Previous day's open, Cals 2511 Pals 15104

Estimated volume total, Cals 540 Pals 1050  
Previous day's open, Cals 5519 Pals 21222

Estimated volume total, Cals 60 Pals 6  
Previous day's open, Cals 200 Pals 2440

Estimated volume total, Cals 4772 Pals 2467  
Previous day's open, Cals 7315 Pals 7062

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## FINANCIAL FUTURES AND OPTIONS

## LIFE LONG CALL FUTURES OPTIONS

Strike	Call	Put	Call	Put
81	4.04	0.42	0.57	
82	3.12	0.31	0.48	
83	2.25	0.24	0.41	
84	1.46	0.17	0.34	
85	0.78	0.10	0.27	
86	0.42	0.05	0.19	
87	0.24	0.02	0.12	
88	0.12	0.01	0.06	
89	0.04	0.00	0.03	
90	0.02	0.00	0.01	

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## LIFE LONG CALL FUTURES OPTIONS

1-mth.	3-mth.	6-mth.
1.9577	1.9410	1.9211
4-STERLING \$n per £		
Latest	High	Low
1.9534	1.9538	1.9488
1.9282	1.9300	1.9250
1.9134	.	1.9070



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CANADA

Stock	High	Low	Close	Change	Stock	High	Low	Close	Change	Stock	High	Low	Close	Change	Stock	High	Low	Close	Change	
<b>TORONTO</b>																				
<b>2pm prices November 8</b>																				
<b>Distribution in cents unless marked \$</b>																				
2087 Allied Pk	\$27 1/2	25 1/2	25 1/2	10 1/2	2820 Can Pac	35	34	34	5	5300 Holtzner	\$11	10 1/2	10 1/2	10 1/2	10 1/2	26710 Placer Dm	\$17 1/2	16 1/2	17 1/2	1 1/2
12336 Appleton E	\$27 1/2	25 1/2	25 1/2	10 1/2	3020 Can Pac	35	34	34	5	5300 Holtzner	\$11	10 1/2	10 1/2	10 1/2	10 1/2	26710 Placer Dm	\$17 1/2	16 1/2	17 1/2	1 1/2
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## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

**Continued on Page 4**

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**NASDAQ NATIONAL MARKET**[illegible]

**3pm prices  
November 8**

**3pm prices  
November 8**

[illegible]

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## AMERICA

## Individual stocks moved by results and reports

## Wall Street

**SHARP MOVEMENTS** in individual share prices following corporate news enlivened a dull morning on Wall Street, which saw equities turn narrowly mixed by mid-session yesterday, writes Karen Zager in New York.

At 1.30 pm, the Dow Jones Industrial Average was up 2.23 at 2,443.07 in fairly tight trading. On Wednesday the Dow had lost 44.31 to 2,440.84.

The overall tone of the market was featureless, with advancing issues leading those declining by four to three. At 12 pm, the Standard & Poor's 500, which is considered a more representative measure of market activity than the Dow, had added 0.36 to 306.37, while the American Stock Exchange Composite was off 0.49 at 289.25.

SmithKline Beecham plunged 4% to \$46. In very heavy trading after the company turned in its third-quarter results. Although pre-tax profits rose 30 per cent in the three months, sales from continuing operations slid 3 per cent.

NCR soared 7% to \$55.10 on reports that the company is discussing the merger of its computer business with American Telephone & Telegraph. Shares in AT&T slid 1/4 to \$33.

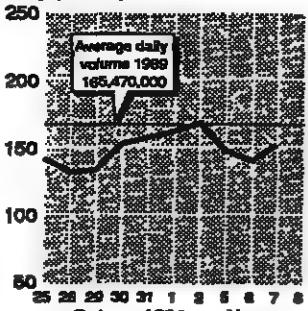
Ernst Young turned higher, on reports that the company, along with Waste Management, had tentatively settled class-action suits which

charged the two big waste disposal companies with price-fixing for container-refuse service. The issue gained \$1 to \$22.25 in active trading after plunging more than \$7 in two days. Waste Management improved 1/4 to \$33.4.

Motorola dropped another 1/4 to \$33.4 after a number of analysts cut their earnings estimates or downgraded their investment ratings for the

## NYSE volume

Daily (million)



company. According to Mr Michael Gumpert, an analyst at Shearson Lehman Brothers, there is "no reason to believe that earnings would be significantly good". Mr Gumpert reduced his fourth-quarter projections to 97 cents a share from \$1.12. In the fourth quarter of 1989, Motorola posted net income of \$1.10 a share.

Food and Drug Administration has given the company permission to market Xanax tablets

for treatment of panic disorder. A number of bank stocks moved higher, including Citicorp, which added 1/4 to \$12.4, Chase Manhattan, up 1/4 to \$10.4, and Chemical Bank, rising 1/4 to \$11.4.

Unlisted stocks were essentially unchanged, with the NASDAQ Composite adding 0.34 to 337.14. The secondary market received some support from falling oil prices. Apple Computer gained 1/4 to \$34. Cisco Systems jumped \$5 to \$36. Late on Wednesday, the computer manufacturer posted a rise in first-quarter net income.

## Canada

TORONTO extended its losses in quiet midday trade as the composite index lost 15.4 to 3,052.46 on volume of 22.38m shares. Declines led advances 308 to 152.

Consumers' Gas soared 34% to C\$33.50 and GW Utilities 25% to C\$34.50 after the Ontario government approved a takeover bid for Consumers' by British Gas. GW owns 82 per cent of Consumers'.

Northern Telecom slumped 4% to C\$28.50 after it said it would make an offer for the UK that it does not already own. "The concern is that Northern Telecom is going to have to pay about C\$3.5bn... at a time when interest rates are high and the economy is slowing down," said Mr Ira Katsina, an analyst with Richardson Greenshields of Canada.

**THE STOCK** exchanges of Rio de Janeiro and São Paulo are proving that there is truth in the old adage: "misery loves company". Battered by low volumes and a feeble economy, the two biggest equity markets in Brazil have decided to get together.

Mr Fernando Nabuco, president of the São Paulo stock exchange (Bovespa), and Mr Francisco Souza Dantas, president of the Rio de Janeiro exchange, have agreed to set up a joint clearing and custodial company and to combine their computer networks.

On Wednesday this week the boards of the two exchanges approved the arrangement, and met with immediate investor enthusiasm. The dollar-adjusted Bovespa index jumped 11.2 per cent and trading volume doubled.

Mr Nabuco, the move amounts to a merger, since only the floors of the two exchanges will now operate independently. The exchanges

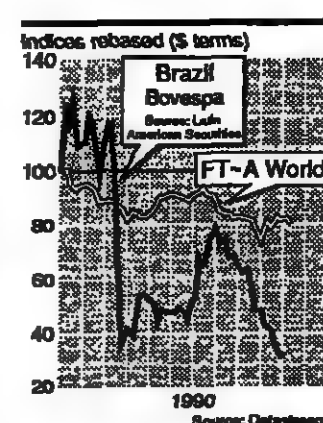
will contribute equally to the new company's capital. The clearing house's administrative headquarters will be in São Paulo, but all high-level managerial meetings will take place in Rio.

Mr Nabuco says the move will save the exchanges \$500,000 a month in computer expenses alone. Both presidents hope the added stability stemming from the merger will encourage investors.

The Brazilian stock market has certainly seen better times. From being one of the best performers in the world just two years ago, Bovespa is on its way to becoming one of the worst of 1990. The market's dollar-adjusted index dropped 39.4 per cent in October alone.

In real terms, the São Paulo stock market index is at its lowest level for more than 25 years. Volumes have also collapsed, with average daily trading levels falling to 600m cruzeiros (\$2.3m) in October from 2.5bn cruzeiros in August.

Figures for the Rio de



Janeiro exchange are similarly discouraging. Mr Souza Dantas blames the Collor administration's failure to beat inflation for the recent collapse in equity prices. Latest predictions are for a 15 per cent inflation surge in November, news of which was startling enough to inspire an emergency ministerial meeting this week.

The president of the Rio

exchange also points a finger at the lack of savings in the market. Brazilians have been particularly wary since the government confiscated their savings accounts in March.

In addition, a wave of bankruptcies in October has scared buyers away. About 30 businesses sought protection from creditors in São Paulo last month. Falling companies put most of the blame on high interest rates, running at nearly 10 per cent a month in real terms.

"The government has not fulfilled its promises of March," says Mr Nabuco, referring to the lack of any significant cuts in government spending since President Fernando Collor de Mello took office.

Although the Brazilian government is now enjoying a surplus, these funds were artificially created through a large-scale savings confiscation, and do not represent an increase in federal efficiency.

Privatisation, which Mr Nabuco had been counting on

to boost the market, has also failed to get off the ground. The government still claims that a few companies will come up for auction over the next few months. But even that does not cheer Mr Souza Dantas. According to the Rio exchange president, the economic climate is so bad that the businesses would fetch little, and therefore not contribute much to the market's total capitalisation.

The only encouraging sign is the Collor administration's apparent willingness to open up the stock markets to foreign participation. Most foreigners currently invest in Brazil through country or regional funds. Mr Nabuco has long been an advocate of deregulation to attract investors from abroad. However, with the economy in such a sorry state, it seems unlikely that many buyers will be lining up.

"I am trying to be optimistic," says Mr Nabuco, "but it is becoming more and more difficult. These are hard times."

## EUROPE

## Leading bourses end above lows for the day

TRADING continued to be dominated by the Gulf yesterday, but a few markets ended above their lows as special situations provided some distraction, writes Our Markets Staff.

PARIS ended at its day's high as Wall Street opened only slightly lower, but still finished 13.80 down on the CAC 40 index at 1,569.85 - its fifth successive decline - after a low of 1,546.04.

Europe was the most active stock market in terms of volume, seeing 905.5m shares traded. It fell FF1.50 to FF41.35, although it closed above a low of FF40.55, after the previous day's warning that the minority might be bought in, or as reflecting the contracts awarded to Alcatel for the rebuilding of East Germany.

AMSTERDAM was disappointed with Royal Dutch's third-quarter results, which exacerbated earlier worries about the Gulf crisis - following Wednesday's comments by the UK Prime Minister - and Wall Street's overnight decline. The CBS Tendency index eased

activities in the chemicals sector. Pre-tax profits for the first nine months fell by 12.4 per cent, at the low end of expectations according to Mr Murray Burford of the Nomura Research Institute in London, and leaving a question for the shares to answer today. Yesterday, they fell DM2.50 to DM294.

Among second-liners, SEI rose DM7 to DM290.50 for a three-day gain DM25.50. The telecommunications manufacturer is 85.9 per cent owned by Alcatel NV, itself shared between CGE of France and ITT of the US.

Its rise was seen either as speculative, on the thought that the minority might be bought in, or as reflecting the contracts awarded to Alcatel for the rebuilding of East Germany.

AMSTERDAM was disappointed with Royal Dutch's third-quarter results, which exacerbated earlier worries about the Gulf crisis - following Wednesday's comments by the UK Prime Minister - and Wall Street's overnight decline. The CBS Tendency index eased

0.3 to 93.3. Royal Dutch dropped FI 2.20 or 1.7 per cent to a year's low of FI 129.70.

Unilever, the food-to-detergents conglomerate, fell FI 1.90 to FI 142.90 before announcing quarterly results today. Philips edged up 40 cents to FI 19.20 amid speculation, denied by the company, that it might sell its 80 per cent stake in PolyGram, the music publisher. PolyGram slipped 10 cents to FI 34.40.

STOCKHOLM fell for the 10th straight day, the Affärsvärlden General index off 9.3 at 855.2, 1.1 per cent down yesterday and 8.7 per cent lower over the past 10. Turnover dropped from SKr282m to SKr178m.

Shares in the Gota banking group were suspended at the company's request after a SKr6 rise to SKr100 in the first half hour. The group said that trading would be frozen until further notice, but offered no further explanation, fueling speculation that SFF - the insurance group which listed its Gota stake to 46 per cent two months ago, would be

coming back with a bid. BRUSSELS saw the cash market index down 51.05, or 1 per cent, at 5,134.44 in volume of BF535m.

The retailer, Delhaize, rated a short-term sell a week ago by Mr Simon Raggett of Williams de Broé, fell 2.2 per cent to BF5,740, reflecting the weakness of the dollar and the fact that Food Lion, a US supermarket chain, accounted for 79 per cent of group net profits last year.

The travel and tourism stock, Wagons-Lits, plunged 7.3 per cent to BF7,450. Brokers said that it had lost its speculative appeal after the settlement of a shareholder row.

MILAN hit another 1980 low in thin trading, the Comit index falling 4.38 to 335.24; some estimates put turnover below L100bn after Wednesday's L148bn.

Fiat shed another L91 to L5,520 but there was some late strength in banks, said Mr Sam van Holthe of Istituto Bancario San Paolo di Torino.

BCI closed officially at L4,377, but it put on L43 to L4,320 after hours.

MADRID slipped in continued thin turnover, with the general index falling 2.11 to 3,244.

Banesto eased Ptas8 to Ptas2,875; the bank has bid Ptas14,560 for 25 per cent of Carburios, in which it already owns 17 per cent. In addition, the Bank of Spain said that it would allow Corporación Banesto, the bank's industrial arm, to provision its portfolio losses against reserves.

Construction stocks were weak, with Asiad down Ptas150 or 4.9 per cent at Ptas2,900.

VIENNA's bourse index fell 6.90 to 552.71 on fears of a Gulf war and higher oil prices, with banks and breweries among the worst hit stocks.

The banking sector and industrials also led ATXENS lower, with a decline of 55.72 or 6.3 per cent in the general index to 839.70. ISTANBUL's index dropped 21.15 or 5.3 per cent to 3,785.65 as turnover shrank to TL2,220m from the previous day's modest TL3,382m.

## ASIA PACIFIC

## Nikkei falls below 23,000 as Gulf tension increases

## Tokyo

**RENEWED** Gulf fears unnerved the Tokyo market yesterday, with the Nikkei average suffering its third consecutive fall to close down 530.44 at 22,969.81. Further declines in bond prices and a weaker yen added to the selling pressure, writes Shingo Terano in Tokyo.

Shares tumbled from the opening, led by heavy selling in the futures markets, on news that the UK prime minister, Mrs Margaret Thatcher, had advanced the prospect of military action against Iraq if it did not withdraw from Kuwait immediately.

Higher crude oil prices and the fall on Wall Street contributed to the pessimism as the yen closed at ¥129.45 against the dollar, after the previous day's ¥127.55, and bond yields rose 0.07 to 7.855 per cent. The Nikkei opened at 23,444.08 and fluctuated around 23,000 after a day's low of 22,837.71. It lost 5.3 per cent in the last three days, and is below the 23,000 level for the first time since October 12.

Volume remained low, at 860m shares, as institutional investors stayed on the sidelines. Losses outnumbered gains by 323 to 138, with 106 issues unchanged. The Topix index of all first section stocks dropped 30.41 to 1,721.91, and in London the ISE/Nikkei 50 index declined 8.94 to 1,277.54.

Ms Benedicte Ivey, at Credit Lyonnais Securities, said that 23,000 had been seen as a market support level, but that traders were being forced to look below that. "Yesterday was also the expiry day for November options, and this definitely

increased options-related selling in the market," she added. Individuals were prompted to cut losses towards the end of the day's trading, adding to the selling pressure, and 31 stocks hit lows for the year. Among them, leading blue chips included Hitachi, Toshiba, Mitsubishi Electric, NEC, Fujitsu and Toyota Motor.

Utilities reacted to the higher oil prices, with Tokyo Electric Power losing ¥130 to ¥2,170. Oil producers were also weak, but Teikoku Oil, the largest trader in natural gas, advanced ¥70 to ¥1,190 as Gulf tensions raised expectations of increased demand for the gas.

Medium-sized construction companies were among the few winners in the morning, on belief that the market had not given them enough credit for favourable first-half results. Profit-taking more than erased the gains later, however.

Fujisawa Pharmaceutical rose ¥80 to ¥1,570 on foreign buying. The company had posted better than expected profits growth, due to a steady increase in sales of new drugs.

Osaka was also weak, the OSE average falling 506.96 to 26,843.41. Volume decreased from 42.1m to 31.9m shares. Ono Pharmaceutical, expected to feature in the Kikumura trial, fell ¥10 to ¥1,040. The index climbed ¥70 to ¥6,230.

## Roundup

WAR TALK left most Pacific Basin markets lower, although Australia managed to respond to good economic news.

HONG KONG heard itself placed first among 39 world markets in projections of earnings growth by Institutional Brokers Estimate System, a

service of the New York-based firm of Lynch, Jones & Ryan, with an estimated gain of 18.6 per cent in the 13 months to September 1990.

However, the market extended its losing streak to a fourth session in thin trading, the Hang Seng index falling 27.75 to 2,832.44 as turnover rose slightly to HK\$779m.

SEOUL and TAIWAN reversed Wednesday's gains, the former's composite index losing 13.75 to 707.48, and the latter's weighted index shedding 136.87, or 2.7 per cent, to 3,554.00. Volume was more active in both markets, rising from 70,297.3bn to 74,405.5bn and 7,363.1bn respectively.

AUSTRALIA was optimistic about prospects for further falls in domestic interest rates, and enthusiastic about National Australia Bank's results. NAB rose 20 cents to A\$6 on a modest 3 per cent decline in net profits. The All-Ordinaries index gained 7.3 to 1,542.3 in turnover down from A\$22m to A\$17.7m.

SINGAPORE'S Straits Times Industrial index dipped 12.92, or 1.2 per cent, to 1,055.55 as turnover shrank from S\$57.9m to S\$28m. NEW ZEALAND had the Barclays index down 15.73 to 1,292.18, while MANILA lost 2 per cent as profit-taking in oil issues left the composite index 12.02 lower at 698.35.

BOMBAY responded to the loss of a vote of confidence by Prime Minister V.P. Singh on Wednesday with another rise, although shares ended off their highs at Mr Rajiv Gandhi's opposition leader, turned down a request to form a new government. The BSE index was up 31.00 at 1,412.17 after a day's peak of 1,432.74.

## SOUTH AFRICA

GROWING nervousness over the situation in the Gulf pushed Johannesburg stocks slightly lower, with the gold index easing 5 to 1,370. South African Breweries rose 75 cents to R37.50 after the previous day's interim results.

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2001/10/15

## RECRUITMENT

### JOBS: Personality analysis can help candidates and employers to overcome damaging habits

**H**ERE IS a question for you, Rowan Bayne told the 100 or more people in his audience. "Let's see how you react to it."

Whereupon, jumping down from the platform, the psychologist from East London Polytechnic unveiled the slide beneath the overhead projector. Up on the screen flashed:

**What is most important about setting goals?**

His audience's reactions fell into two distinct patterns. Most people there craned forward eagerly, and began silently listing things on their fingers. For instance, a woman in the front row told me later she had awarded top place to getting the time-scale right, followed by ensuring that the goals set were within the power of the people supposed to achieve them.

The Jobs column was among the few who reacted differently. Far from being stimulated by the question, we in the minority saw it as of little or no consequence. The only important thing about goal-setting which I could think of, for example, was that the goals should be loosely defined and flexible.

The starkly divided response was just what Dr Bayne wanted. For the first aim of his talk at the recent conference of Britain's

Institute of Personnel Management was to explain the workings of one of the world's most widely used personality tests: the Myers-Briggs Type Indicator.

Based on the work of the great psychologist Jung, it holds that every personality is a combination of four main dimensions. Each of the four can be pictured as a line divided in the centre, with people either on one side or the other, the best known division being between inward-looking *introverts* and outgoing *extraverts*.

But it was a second of the four divisions - between *judgers* and *feelers* - that was brought out by the question about setting goals.

The people stimulated by it are *judgers*. They like to form clear-cut views of issues, plan ahead and decide things, thinking it more important to make a decision than to improve the criteria or data on which it is made. The Jobs column and the others who were left cold by the question are *feelers* who, when presented with an issue, are far keener to examine it in greater detail than to make a decision either way.

Across the population as a whole, *judgers* and *feelers* are split 50/50. But it was scarcely surprising to find decision-addicts in the majority at a conference of managers. It is a fair bet, too, that Rowan Bayne's audience was heavily weighted towards one and of a third division which also cuts the general population into two equal halves: the split between *thinkers* and *feelers*.

Managers are typically *thinkers*, being ruled mainly by their heads in the conduct of life's affairs including their relations with the rest of humanity. *Feelers* are ruled more by their hearts, paying less heed to logic than to their own and other folk's emotions.

#### Simple view

The last of the four divisions is between *sensors* and *intuitives*. *Sensors* believe that the world is precisely as it presents itself to their eyes, ears, noses, taste-buds and touch. What's more, the simpler the impression it makes on them, the better. *Intuitives* are convinced that nothing is quite as

it seems, and that established beliefs are personally in need of imaginative revision.

Managers, who mostly take the simple view, are in the majority party because there are three *sensors* on earth for every *intuitive*. On another dimension, however, managers are in the minority. They tend to be *introverts* who as a whole are outnumbered three to one by *extraverts*.

So, as a general rule, companies are run by *introverted sensing* thinking *judgers* - and that applies in every one of the many countries where Myers-Briggs tests have been conducted. By contrast, *parsons* and the equivalent are canonically *extraverted intuitive feeling perceivers*.

That does not mean managers are incapable of acting like persons or vice versa. Which side of any division we are normally on, most of us can use the opposite manner even though clumsily.

An idea of the difference the switch makes to our operations can be gained by first signing your name with the usual hand then doing likewise with the other. The

result of the second go may well be more legible, but it is hard work to produce and neither feels nor looks natural.

Even so, the ultimate object of Dr Bayne's exercise was not to encourage his audience to try living out of their accustomed trees. His aim was to help them to become better interviewees.

Every side of every division has weaknesses as well as strengths, he said. So by becoming aware of their normal modes and the attendant faults, interviewees can cut the risk of being misled by their bad habits.

What is more, he agreed that the same learning process can work the reverse way round, to the advantage of the people being interviewed as job-candidates or whatever. By relating their own make-up to that of the person on the other side of the desk, they will have a better chance of influencing the judgment in their favour.

To do it successfully they will need to rehearse behaving in the opposite of their usual modes. For the fundamental rule is to identify the interviewer's normal stance on each of the four dimensions, and

give the impression of holding the same positions. While opposites may attract occasionally, they do so far less often than similarities. Indeed, when we praise other folk for having "empathy", it is odds on that we're really saying they are much like ourselves in personality.

#### Percentage game

A snag is that, if the interviewers are experts in their craft, they may be deliberately looking for recruits unlike themselves. But as such experts are rare, the percentages still favour similarity. Beyond that, the best tactics will vary with the strengths and flaws of the interviewer's particular type of personality. Rowan Bayne lists the permutations as follows:

*Extraverts* tend to be good at establishing rapport, sizing up the situation quickly, thinking as they go along, and exploring a wide range of issues. On the other hand, they often talk too much, neglect to listen, and impulsively disclose too much about their own position.

*Introverts* are apt to be the mirror image. Good listeners who

think before speaking and probe a few issues deeply, they are slow to size things up and unresponsive.

*Sensors* are acute observers of detail, practical-minded and planned in approach. The trouble is that they tend to get bogged down in their plan as well as to miss the wood by focusing on the trees.

*Intuitives* typically gain a clear picture of the wood at the cost of not only overlooking a good many of its trees, but seeing some that aren't there. They are swift to spot intriguing lines of exploration, which are occasionally relevant.

*Thinkers* excel at maintaining a businesslike atmosphere and being objective in judgment. Also, they often appear cold and calculating.

*Feelers*' greater warmth does not always prevent their subjective responses from seeming dogmatic. Although fostering a free-wheeling atmosphere, they can find it hard to cope if conflict arises.

*Judgers* are efficient and decisive. But they are prone to ask closed questions and make up their mind prematurely.

*Perceivers* keep the discussion open-ended and collect masses of information - so much so that they tend to go on collecting it long after the meeting was due to end.

Michael Dixon

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FINANCIAL TIMES  
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**RESEARCH ANALYST****Equities**

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## ACCOUNTANCY COLUMN

## Lingering Andersen unrest reappears in Spain

By David Waller in London and Peter Bruce in Madrid

IT IS two years ago this month that the decision was taken to split Arthur Andersen into two separate business units: one for consulting, the other for audit-and-tax.

The move, it will be remembered, followed a sustained period of unrest in the firm, culminating in the departure of the head of the consultancy business in the US and a number of his senior colleagues.

The original split came because the firm's consultants were unhappy with their lot. Two years later, Andersen's consultants in one of the world's fastest-growing markets for consultancy and accountancy services are still unhappy.

That market is Spain, where the recent implementation of the European Commission's Fourth Company Law Directive has led to a stampede in demand for the services of the Big Six international accountancy firms.

Andersen first diversified away from the US in the late 1980s, opening offices first in London and Paris and subsequently in Spain, Italy and other parts of Europe. The firm's Spanish practice was started in 1980 and has been tremendously successful. Whereas Andersen has had difficulties in establishing itself in countries with a strong accountancy profession, such as the UK, it is the undisputed market leader in Spain, with annual revenues of some Ptas25bn (US\$255m).

For much of this summer, the normally tranquil world of accountancy in Spain has been treating the nation to a rare and entertaining scrap. At the centre of the dispute is Mr Luis Recio, until recently managing partner of Andersen Consulting in Spain.

Together with two other partners, Mr Recio launched a buy-out bid for the consultancy operation in July. The bid failed, but legal battles continue and the affair seems likely to reach a crescendo in coming weeks.

The story began last year when Arthur Andersen España implemented the strategy decided in November 1988 and split its successful consulting business from the auditing operations. Mr Recio, who has worked for Andersen for 25 years, had been managing partner of the consulting operations for many years. The impact

For much of this summer, the normally tranquil world of accountancy in Spain has been treating the nation to a rare and entertaining scrap. At the centre is Mr Luis Recio

tance of consulting can be gauged from its turnover of Ptas1bn, twice the size of Andersen's Spanish auditing business.

As a newly independent operation, Andersen Consulting in Spain needed to sign an agreement with Arthur Andersen SC, the Swiss-based international firm which straddles both Andersen's strategic business units and in which every Andersen partner has a stake. The agreement would govern the price the new consultancy would pay for using Arthur Andersen consulting software and expertise. That was when the rot set in, according to Mr Recio.

Mr Recio, who together with two other dissident partners owns 25 per cent of the consulting business, said earlier this week that the international operation wanted to take about 20 per cent of the Spanish consultancy's turnover in fees. "This US\$30m in no way corresponds to what they put in," he claims, "putting us in a precarious situation."

The direct consequence of Mr Recio's dissatisfaction was a takeover bid for the consultancy backed by Prosegur, a flourishing, quoted security group. The offer valued the consultancy at Ptas10bn but such a large amount of money was not enough to tempt a majority of the partners to accept the bid. The offer lapsed.

Interim legal battles ensued, in which Mr Recio and the two dissidents tried to have their shareholdings bought out at a price reflecting the Prosegur bid. Andersen wanted to pay only the nominal value of the three partners' 25 per cent stake. Mr Recio and four other partners resigned.

The latest legal tussle concerns Arthur Andersen y Cia Sociedad Regular Colectiva, a partnership Mr Recio has asked the courts to dissolve. Meanwhile, Mr Recio and friends have been excluded from the partnership.

Mr Vernon Ellis, the firm's London-based head of consulting for Europe, says the affair is a side-issue, given that AA & Cia SRC is not an operating business but merely provides computer and technological services to other parts of the practice.

The court will rule in a fortnight. Recriminations fly thick and fast. "He is trying to sow confusion in the

market," one partner said of Mr Recio. For his part, Mr Recio says he will "fight to the end" — or at least until he and his two friends are paid a market rate for their shares in the consulting business. They believe their stake is worth \$25m, which they want to invest in setting up their own business.

Mr Ellis is emphatic that this is a uniquely Spanish affair, with no wider implications for the Arthur Andersen organisation two years after its radical restructuring. He takes great comfort from the fact that the

The firm must be worried that one of the jewels in its European crown should be given by public turmoil, and that a third of the consultancy partnership should have departed

majority of consulting partners voted to stay with the firm, in spite of the lure of substantial capital gains.

"The managers and staff saw this as an attempt to sell their future down the river," Mr Ellis said. "The idea of selling off the future profits stream for a capital sum cuts against the firm's philosophy, and that is why the great majority of partners voted against the takeover."

In spite of Mr Ellis's insistence that this is a local issue, the firm must be worried that one of the jewels in its European crown should be given by public turmoil, and that five partners (a third of the consultancy partner-

ship as at the end of 1989) should have departed.

Moreover, the affair shows that tensions between consultants and auditors still exist, in spite of the restructuring. The firm was restructured in order to harness the dynamics of businesses with differing investment requirements and degrees of prosperity. In Spain, where consultancy was twice as large as the audit practice and where the firm is market leader, those tensions lay behind Mr Recio's takeover bid.

Also at issue in the relationship between the local business and the centre. The big firms are trying with varying degrees of sophistication to become "transnational" organisations, in business school jargon. That means building an international capability out of a network of businesses rooted strongly in their local markets. However, if the local business gets too strong, "things fall apart, the centre cannot hold, mere anarchy is loosed upon the world."

It is undoubtedly a victory for the Andersen methodology that the majority of partners resisted the temptation to take the money and run. But, as the Spanish affair proves, there is enormous capital value locked up in Andersen's consulting business. It is inevitable that, from time to time, the current generation of partners will tire of their role as custodians of the business for future generations. Driven by quite normal commercial impulses, they will try to sell up.

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You will be a graduate accountant, with at least five years in a senior position within a sizeable and decentralised organisation. You will have made a significant contribution to business development and will be experienced in acquisitions and the associated dealings with financial institutions.

In addition to the advertised salary, there is a generous performance related bonus that could, on recent evidence, result in total earnings exceeding six figures.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Kintyre House, 209 West George Street, Glasgow G2 2JW, quoting reference P202 on both envelope and letter. As individual applications will be discussed with the client, please indicate companies to which your details should not be made available.

Coopers & Lybrand  
Deloitte Executive Resourcing

## Two exciting new appointments with a rapidly developing major industrial group

National Power PLC is Britain's largest generator of electricity and is one of the most exciting prospects in British industry today. The Company, as one of the successors to the Nationalised Electricity Industry, is facing a challenging future adapting to the new competitive market in electricity supply.

With privatisation planned to take place in February 1991 our new and dynamic Finance team is now largely in place and is led by individuals from the UK's top blue chip PLCs. Two financial management opportunities have now arisen to join this team in key positions offering outstanding salary and benefits packages and extensive future development prospects within both financial and operational areas of the Group.

## Finance manager - accounting

Central London to £35,000, car and benefits

This broad based role will include considerable involvement in the privatisation process, the management of the finance function, review and comment on management reports, improvement of management information systems and financial controls within the Group, in addition to treasury exposure and miscellaneous projects.

For this opportunity the Group is seeking a graduate qualified accountant, likely to be aged 28-35, from a large public practice firm or industry.

## Finance manager - property

Central London to £35,000, car and benefits

To maximise the benefits from the Group's investment in property and land, a Finance Manager is sought to take responsibility for appraising investment and business opportunities, controlling project expenditure, budgeting and producing management reports. The Finance Manager will be supported by a small Finance team and there will be extensive contact with both financial and non-financial management at Group and Operational level.

The Group is seeking a graduate qualified accountant, aged 28-35, with several years industry experience. You may have qualified inside or outside practice, but commercial experience is essential and familiarity with investment appraisal would be an advantage.

For both these opportunities you should be an ambitious and self-motivated individual with strong communication skills, who is keen to make a contribution to, and reap the benefits, within this rapidly changing and developing organisation.

For further details and a confidential discussion, please contact Mark Masson CA on 071-387 5400 (out of hours on 071-372 5952/0474 874473) or write to him at FINANCIAL SELECTION SERVICES, Drayton House, Gordon Street, London WC1H 0AN. Fax: 071-388 0852.

As an Equal Opportunity Employer, National Power welcomes applications from men and women including ethnic minorities and the disabled.



National Power

## WEST MIDLANDS

c.£35,000 + CAR

## Financial Controller

New focus has been given to this well established £20 million turnover light/medium engineering business as a result of ownership now being in the hands of a progressive engineering based group. Development plans dictate that the finance function should receive higher profile and as a result a strong financial controller is now needed.

Reporting directly to the General Manager on site, emphasis in the new position will be placed upon upgrading the management information systems, establishing a costing system using the group model and taking a full part in the management and development of the company. Cash control and budgeting will also form an important part of the brief.

You will probably be around 35 years of age, a qualified accountant with extensive experience of computerised

systems implementation in a manufacturing environment. A knowledge of US reporting requirements would be an advantage.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham, B2 5JT, quoting reference JB90.

Coopers & Lybrand  
Deloitte Executive Resourcing

ALPS

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD  
3 London Wall Buildings, London Wall, London EC2M 5PJ  
Tel: 071-588 3576 Telex No. 887374

A demanding position - with scope to become Financial Director in 3-9 months

ALPS

## FINANCIAL CONTROLLER - AIRLINES

ESSEX

£36,000-£45,000

EXPANDING SUCCESSFUL INTERNATIONAL AIRLINE

This vacancy calls for accountants aged 32-48 CA or ACCA who will have acquired at least three years' financial accounting experience in a successful airline or similar service organisation utilising advanced accounting and computerised costing methods, at least one year's experience must have been at Financial Controller level. Responsibilities will cover the total financial control with special emphasis placed on capital project appraisal, cost analysis on all operating costs and their reduction, and revenue generation aimed at increased profit margins. Up to 15% travel will be necessary. The appointed candidate must be an able negotiator with sufficient commercial flair and interpersonal skills to warrant promotion to Financial Director in 3-9 months. Initial salary negotiable £36,000-£45,000 plus car, contributory pension, free life assurance, free family BUPA and subsidised airline family travel. Assistance with relocation expenses if necessary. Applications in strict confidence under reference FC203/FT to the Managing Director: ALPS.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.  
TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8911.

071-256 8911



## BUSINESS AUDITOR/CONSULTANT

### Fast Track Career with Dynamic Finance Group West Midlands £30K + CAR

HIGHLY VISIBLE role. Autonomy and Variety.  
Sophisticated Systems/Methods. Professional, Multi-  
Disciplined Environment.

An opportunity has arisen in this diverse and prestigious  
finance group creating the need for an additional action  
oriented, innovative Business Auditor/Consultant,  
ideally with an accountancy profile.

Working in a small, well qualified team, you will be  
controlling key business and systems projects covering  
the whole spectrum of the company's activities including  
policies, management controls, resourcing and special  
investigations such as acquisition studies.

You will need strong analytical and problem solving skills  
together with the ability to produce meaningful and  
well-reasoned reports. Aged 28-33 you will probably  
have a relevant degree plus an accounting and/or MBA  
qualification.

In return you can expect rapid promotion prospects and  
an excellent benefits package, including subsidised  
mortgage, non-contributory pension, company car, plus  
relocation assistance, where appropriate.

Please telephone for an application form or send a  
detailed CV quoting reference: PBM/4457/VC to:  
Vic Chivers, PA Consulting Group,  
6 Highfield Road, Edgbaston, Birmingham B15 3DJ.  
Telephone: 021-454 5791.

**PA Consulting Group**

*Creating Business Advantage*

## Financial Accountant

Lloyd's of London Press Limited, the world's pre-eminent  
maritime publisher, are seeking a commercially aware  
qualified accountant to join them in their Colchester offices.

Reporting to the Group Finance Controller, you will be responsible  
for the preparation of all monthly management and financial accounts.  
Whilst not mandatory, experience of preparing consolidated statutory  
accounts would be an asset.

The successful applicant will have at least three years post-qualification  
experience, preferably within a commercial environment. An excellent  
communicator, you will be able to relate directly to executive  
management. The Company has recently installed state of the art  
E.L.S. software, and you will play a key role in the implementation  
of this system.

Remuneration package includes an attractive salary, car,  
non-contributory pension and subsidised restaurant.

Please reply enclosing a full C.V. to:-  
Mrs. L.A. Hilliard, Personnel Officer,  
Lloyd's of London Press Ltd.,  
Collwyn House, Sheepen Place, Colchester,  
Essex CO3 3LP.

**LLP**

Lloyd's of London Press

## European Treasurer

c. £40,000 + car

This brand new position is an exceptional opportunity. You will join  
a small, strategic HQ team, recently established by a high-profile  
global corporation, to co-ordinate and develop its substantial  
pan-European operations.

As European Treasurer you will build the operational  
framework for a full range of treasury activities covering currency  
hedging, monetary and banking policy, corporate funding and  
investment planning and control. Your success will rely heavily on  
establishing effective and influential relationships, throughout a  
diversity of European subsidiaries, joint venture partners and  
international banks.

An ambitious, qualified accountant, you will already have  
gained extensive treasury experience, including personal  
involvement in banking negotiations, within the arena of an  
internationally focused business. Now ready to take on the No.1  
slot, with the drive and initiative necessary to create rather than  
operate, you will grow rapidly into the full dimension of this role.

Location: City

Please reply in confidence, quoting Ref: 131/MM  
Margaret Mitchell FCCA,  
Grace & Templar, Equatoria Court,  
36 Calena Road,  
London W6 0LT.  
Tel: 081 741 2122 Fax: 081 741 0512

**GRACE & TEMPLAR**  
Financial & Management Recruitment Consultants

### The Top Opportunities Page

appears every Wednesday in the Financial Times.  
For further information please contact

Elizabeth Arthur 071-873 3694  
Stephanie Spratt 071-873 4027

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**PQE**

**SOUTH HERTS**

**£35,000**

**EC4**

**to £30,000**

### Management Accountant

As a result of its rapid expansion in Europe, this international  
manufacturing company now seeks a mature Management  
Accountant. Reporting to the Finance Manager and Company  
Secretary and heading up a department of 20, you will be  
providing a service which includes cash flow forecasting, variance  
analysis and the introduction of management/budgetary reporting  
systems. Ref: 02120

Contact the Manager, 8 The Town, Church Street, Enfield  
081-363 1344  
Or the PQE Specialist advising on this appointment on 0923 50350

### Special Projects Manager

Interesting and varied project work is offered by this major city-  
based merchant bank. As Special Projects Manager your  
assignments will cover a diversity of areas and will include  
significant involvement in potential acquisition analysis. The role  
will involve control over a specialist team with liaison up to Director  
level within the Bank. Benefits will include mortgage subsidy and  
company car. Ref: 18003

Contact the PQE Specialist advising on this appointment  
6th Floor, 76 Cannon Street, EC4  
071-489 9997  
Next to BR Station

### CLIENTS!

When you entrust your vacancies to us,  
we pay for the advertising.  
Phone our PQE Specialists on 071-489 9997  
(24 hour answering service)

### REED...

accountancy

## FINANCIAL STRATEGY ANALYST

Central London

c £35,000 + Car + Benefits

Recognised as one of the leading and most prestigious names in the highly  
competitive energy sector, this organisation has consistently achieved  
impressive levels of profitable growth. With international markets  
presenting further opportunities for development the need for a high  
profile financial planning function is vital.

In order to meet the objectives that have been set they are now seeking to  
further strengthen this area with the appointment of a highly commercial  
and creative Accountant to work within this department.

Reporting to the Group Financial Planning Manager the position works  
closely with Senior Management across all areas of the business on key  
strategic issues and capital expenditure programmes. The position will be  
responsible for providing comprehensive analysis and advice on many  
commercial issues that will directly affect the company's future growth.

A qualified Accountant he/she will have gained at least 3 years PQE  
working within the Planning/Analysis department of a large multinational  
Group. Relevant sector experience is not essential, however the ability to  
assimilate information and communicate persuasively at board level are  
prerequisites.

Career opportunities are outstanding and will be limited only by personal  
ability. A full Executive benefits package is provided which includes a  
competitive salary, fully expensed car, profit sharing scheme, pension and  
30 days annual leave.

Interested applicants should contact Simon Hewitt on 071-437 0464  
(fax 071-437 0597), or write to him, enclosing a detailed CV, at the address  
below.

**ROBERT • WALTERS • ASSOCIATES**

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP  
Telephone 071-437 0464

### ASSISTANT GENERAL MANAGER AUDIT AND COMPLIANCE

Excellent Salary and Executive Benefits  
Bournemouth

The Portman Building Society is the largest  
regional Building Society operating  
exclusively in the South of England.  
Diversification and growth have resulted in  
expansion into residential development,  
estate agency and financial services. In  
order to maximise the effectiveness of the  
audit and compliance function within our  
growing business we are seeking to appoint  
a talented professional to head up our  
existing teams.

This new Senior position requires a  
candidate with exceptional skills who can  
manage and motivate staff in every aspect  
of internal audit and compliance, (including  
computer audit). The successful person  
must be able to demonstrate extensive  
knowledge of both aspects of the post, and  
be capable of using their initiative and  
professional experience to ensure the  
continued development of existing  
management and control systems,  
especially in areas of high risk. A thorough  
understanding of regulatory requirements,  
encompassing the Building Societies Act, is  
necessary in order to fulfil and develop this  
demanding role and ensure that full  
compliance is maintained.

Candidates should be highly motivated  
individuals with an appropriate accounting  
qualification, who have gained relevant  
experience in a service industry, ideally in a  
building society or other financial institution.  
Leadership, enthusiasm and excellent  
communication skills should be coupled with  
an analytical mind and a thorough  
understanding of the technicalities of this  
rewarding post.

In addition to a competitive salary we offer a  
company car, subsidised mortgage and an  
attractive benefits package which will include  
relocation assistance where appropriate.

Interested and suitably experienced  
candidates should write with full CV quoting  
current salary to Bernard Dixon, Assistant  
General Manager, (Personnel and Training),  
Portman Building Society, Portman House,  
Richmond Hill, Bournemouth,  
Dorset BH2 6EP. Telephone 0202 292444.



**PORTMAN**  
BUILDING SOCIETY

### FINANCIAL CONTROLLER

W11 £18,000 to £21,000  
Qualified Accountant with minimum three years commercial experience in the accounts for audit  
and video plc. This "hands on" role requires knowledge of all aspects of commercial accounting  
principles and computer skills. The ability to work under pressure is an asset.

Send C.V. to the Directors:  
THE FLYING MUSIC GROUP plc, FM House,  
110 Clarendon Road, London W11 2HR. Tel: 071-221 7799. Fax: 071-221 3016.

### MANAGEMENT ACCOUNTANT

Media

London

c £30,000

+  
car

Our client, a substantial media  
group and a major force in its  
market sector, wishes to  
strengthen its central reporting  
team by recruiting a recently  
qualified Chartered Accountant.

Responsibilities include period  
and statutory reporting,  
budgeting and forecasting,  
financial analysis of operating  
company results and ad hoc  
project work.

Candidates, in addition to a  
strong technical background,  
should have a commercial  
approach to problem solving,  
good interpersonal skills and a  
resilient and flexible outlook.  
The position is likely to involve  
some international travel.

Please telephone D.E. Shribman  
for further details or write to him  
at the address below.



**HUDSON SHRIBMAN**  
VERNON HSE - SICILIAN AVE - LONDON WC1A 2QH - TEL: 071-631 2323  
FINANCIAL RECRUITMENT



**Brake Bros.**  
(Frozen Foods) Ltd.

South East Kent

c £40,000 + car

Our clients are the major trading subsidiary of Brake Bros plc, the leading distributor of frozen food to  
the UK catering industry. As a consequence of their continued growth, they are now seeking to  
recruit a Finance Director (Designate).

The role requires:

- ☐ Strong management and interpersonal skills to lead a busy Accounts Department of over 80 staff.
  - ☐ An eye for detail whilst maintaining a wide business perspective.
  - ☐ Experience to be able to assess, improve and develop accounting, reporting and planning systems.
  - ☐ Maturity and confidence to contribute to both company and group development.
- The successful candidate will report directly to the Managing Director with strong links to the Group Finance Director, and may reasonably expect a full Board appointment within 12 months.
- Candidates should be qualified accountants, aged between 35 and 45, have proven management skills and strong systems backgrounds in a highly computerised environment.
- Interested candidates should send a detailed CV quoting reference 3171, to Carol Jardine, Touche Ross Executive Selection, 5th floor, 52-54 High Holborn, London WC1V 6RL.

**Touche  
Ross**

MANAGEMENT  
CONSULTANTS



## FINANCE DIRECTOR

### New European Operation

Stuttgart area c.DM150,000 negotiable + car + benefits

Our client, part of a major international group, is one of the UK's leading companies in a fast moving sector of the service industry, with an excellent reputation for professionalism and high quality standards. The Company now wants to extend its activities in Europe where there is enormous market potential for its services. The recent acquisition of a small company in West Germany has provided the springboard for future acquisitions and organic growth; the aim is to develop a substantial European business over the next five years.

The Finance Director will liaise extensively with the UK parent company, to fulfil their detailed reporting requirements, working closely with the German Managing Director to control and grow the business in Europe.

Key issues will be the financial evaluation and integration of acquisitions and start-ups, the introduction of standard reporting and control systems across the European operation(s) and financial planning.

The successful applicant will be a qualified accountant with a pragmatic 'hands-on' approach and the ability to communicate at all levels within the organisation. Good German is essential. Professionalism, credibility and strong business acumen are crucial attributes for this high profile role. Career development opportunities with this international Group are excellent.

Please write, in confidence, enclosing full career details to Bernadette Laffey, quoting reference S9393.

KPMG

Peat Marwick Selection & Search  
70 Fleet Street, London EC4Y 1EU

## European Finance Director

c £55,000 + car + benefits  
Brussels

As a result of recent and continuing expansion within Continental Europe, this highly acquisitive subsidiary of a leading UK multi-national has recognised the need for a more structured approach to its European operations. As a consequence the company wishes to recruit a highly motivated Finance Director to work closely with the European Managing Director in controlling existing operations and assessing potential business opportunities.

The Finance Director will be responsible for providing comprehensive financial support to the European operation, liaising

closely with the Managing Directors of local operating subsidiaries, as well as playing a critical role in the development of business plans and investment appraisal projects.

Candidates are unlikely to be aged under 33 and will have a recognised professional accountancy qualification and a minimum of 5 years' post qualified experience. They will have at least 2 years' experience in a dynamic multi-national service industry and prior exposure to conducting business in Europe. This will include establishing joint ventures and partnerships. The role demands fluency in English

and at least one additional European language and, although based in Brussels, a willingness to travel frequently throughout Europe is essential.

If you are interested in the challenges offered by this position, please write to Charles Ritchie quoting reference D/1114/FT enclosing full CV and salary details:  
**Executive Selection Division  
Price Waterhouse  
Management Consultants  
No. 1 London Bridge  
London SE1 9QL  
Tel: 071-939 3000.  
Fax: 071-403 5265.**

Price Waterhouse



## Finance Director - Europe

International Joint Venture in Pharmaceuticals  
£ attractive + Car Home Counties

Du Pont and Merck & Co Inc of the USA, are coming together in a joint venture to create an independent, research-driven pharmaceutical company which will operate on a world-wide basis.

Bringing together the impressive resources of one of the world's largest high technology corporations and the acknowledged research and marketing expertise of a pharmaceutical industry leader, the new venture will have an R&D budget of some \$US 230 million and anticipated first year sales of around \$US 700 million.

Key to the success of the European aspect of the operation is the appointment of an experienced Finance Director.

Reporting directly to the Vice President Europe, you will be responsible for creating an effective financial function to meet both the short and long-term needs of the business. This will involve the establishment of pan European financial, planning and reporting systems and the integration of these with the parent company's systems. You will build your own team and will be instrumental in the

appointment and direction of financial staff in the principal European countries.

A qualified accountant, you should have a broadly based financial background, preferably with some international experience. Experience in the pharmaceutical industry would be especially valuable, as would familiarity with US accounting practices and a knowledge of the European financial framework. Computer literate, ideally with MIS experience, you should be commercially astute with the ability to operate effectively within a multinational environment.

This is an exceptional opportunity to contribute to the success of a business at a formative stage in its development. An attractive package is offered which includes car, share option scheme, medical insurance and many other benefits. The post will be based initially in Stevenage, Herts.

Please write with full career details to Alan Butler, Recruitment Consultant, Du Pont (UK) Ltd., Wedgwood Way, Stevenage, Herts SG1 4QN. Tel: 0438 734785.



## Finance and Administration Director

London to £50,000 + options + car

Our client is a well established and successful PLC operating within the property and investment sectors. Continued growth within their niche markets has necessitated the appointment of a Finance and Administration Director.

The role carries full responsibility for finance, property administration and all related enquiries. As such, the successful applicant will liaise extensively with agents and other professional advisors, and must possess exceptional managerial skills. Due to the high profile nature of this position, it is anticipated that an early appointment as a full board member will be made.

Candidates, aged 38-48, should be chartered accountants who can demonstrate excellent interpersonal and communication skills, coupled with the maturity and mental agility required to make a positive contribution to a dynamic business. Previous experience within the property field is desirable, though not essential.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 1102, to Diane Forrester ACA, Executive Division, Michael Page Finance,



39-41 Parker Street,  
London WC2B 5LH.  
Telephone 071-831 2000.

Michael Page Finance

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## UK FINANCE DIRECTOR

Circa £60,000  
+ executive car

Richmond,  
Surrey

ECS is Europe's largest and most successful independent IBM computer leasing and service company. A subsidiary of Société Générale, it operates in eight Western European countries and had a turnover of £1 billion in 1989.

The UK subsidiary was established in 1986, and has seen a dramatic growth in business to £126M turnover in 1989. The UK Company provides a full range of computer rental options, to enable the client to cost-effectively acquire hardware, whether mainframe, mid-range or micro-computers.

The position represents a challenge for a qualified accountant to manage and develop the finance function against a background of rapid growth and changing systems requirements. As a board member, the Finance Director will be responsible for financial strategy and will play a key role in the general business management of the Company.

The successful candidate will have strong Finance Management experience gained in a rigorously controlled environment, in company with complex products and accounting requirements. Experience of the treasury function is essential.

To apply, write to Stephen Crowther, Group Personnel Manager, ECS International UK Limited, Eton House, 18-24 Paradise Road, Richmond, Surrey TW9 1SE, enclosing a full c.v. and giving details of current remuneration.



UNITED KINGDOM

When you're stuck in a traffic jam, delayed again by British Rail or squeezed into a crowded tube, imagine yourself, instead, travelling in a rickshaw, a tuk-tuk or a safari jeep. Like so much of foreign travel, riding in one of these vehicles is an unforgettable experience, and all part of an international management career with British-American Tobacco.

If you respond eagerly to this kind of challenge, then you may have what it takes to succeed in one of the world's largest tobacco companies.

After a thorough induction in the UK, for up to 6 months, your first posting will be for around 2 years, anywhere in our worldwide sphere of operations. Further

### YOUNG ACCOUNTANTS FOR INTERNATIONAL MANAGEMENT CAREERS

## AROUND THE WORLD IN 80 WAYS

We are a successful and growing company with turnover and profits in excess of £3 billion and £300 million respectively. With over 40 companies located throughout Europe, Central & South America, Asia, Africa, the Far East and Australasia, the business opportunities we can offer you are unbeatable anywhere in the world.

If you are a graduate Accountant (either CIMA or ACA), currently aged under 28, then we will develop your career through a planned series of international postings towards a senior management role.

But, before you apply, you should ask yourself some serious questions. The most important is: do you have the potential to become a Finance Director, in charge of the financial affairs of an entire overseas company while in your 30s? Also, do you want to apply your technical knowledge in an operational role, where you will take crucial business decisions and manage people of different cultures?

Finally, consider this: do you, with the help of ongoing training and career development in all aspects of finance and management, have the ambition to become the Managing Director of one of our overseas operations?

So, if you want to make the most of your abilities and live life to the full, telephone 071-222 2610 (24 hour answering service) for further information and an application form or write to Geraldine Haley, British-American Tobacco Company Limited, Westminster House, Millbank, London SW1P 3JE.

British-American Tobacco Company Limited

BAT

A member of the B&A Tobacco group of companies

## FINANCIAL CONTROLLER

North London

c. £32K + car + benefits

With a significant profile in the textile wholesale and distribution sectors, our client is an established family-owned company with a well defined strategy for their next important phase of business development.

Reporting to the Managing Director, the Financial Controller will ensure the effectiveness of all aspects of financial management and administration. Particular emphasis will be placed on:

- provision of timely and accurate financial and management information.
- analysis and interpretation of this information.
- the continued development of computerisation.

This broad ranging, high profile role requires:

- a qualified chartered accountant in the age range of late 20s to early 30s
- a minimum of 3 years financial management

experience gained in a small/medium commercial environment.

- sound experience of computerised accounting systems.
- drive, commitment and 'shirt-sleeves' approach.
- commercial awareness and the ability to make a substantial contribution as part of a young management team.

The potential exists for the successful applicant to achieve board level status within 2 years.

Full c.v. should be sent to:

Sue Sherliker  
Baker Tilly Management Consultants  
22-24 The Courtyards,  
Croxley Centre,  
Hatters Lane,  
Watford, Herts. WD1 8RR

MANAGEMENT CONSULTANTS  
**BAKER TILLY**

Handwritten note: 071-831 2000



## FINANCE DIRECTOR

East Manchester/  
West Yorks border

to £35,000, car,  
benefits

Well-established, c. £10m turnover, manufacturing Group seeks commercial finance professional to support Managing Director in establishing management controls to maximise profitability. Recent management buy-in offers significant growth potential and possible equity participation.

### The Role

- Introduce sophisticated management information systems to act as comprehensive management tool.
- Complete responsibility for finance and data processing functions.
- Total involvement in business strategy and analysis of existing performance. Heavy interface with production and sales.

### The Qualifications

- Determined, tough individual with entrepreneurial flair and commercial acumen.
- Qualified accountant of graduate calibre, 30-35.
- Proven track record of achievement in manufacturing environment. Understanding of MRP/IT techniques desirable. "Hands-on" approach.

Please reply in writing, enclosing full c.v. Ref: M458.

**ASB**  
ASB RECRUITMENT LTD.

Amethyst House,  
Spring Gardens  
Manchester  
M2 1EA  
Tel: 061-834 0618  
Fax: 061-832 9123.

## FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE)

London/Surrey borders c. £40,000 + car + benefits

We are a very profitable independent electrical retailer selling electrical appliances and consumer electronics. Our annual turnover is around £25m and we are currently undertaking an ambitious expansion programme.

We are looking for an equally ambitious Financial Controller to guide us through this exciting phase of development and beyond. Reporting to the Managing Director, you will take full control of the Company's financial and administrative affairs. In addition, you will advise on a variety of business issues and contribute to enhancing our already sophisticated computer systems.

The successful candidate will be in his/her thirties and qualified with at least five years proven financial and management experience. Good communication skills together with a "Hands on" approach is essential. You will be dynamic and ready to take on a new challenge. A Board appointment is envisaged within two years.

Applicants should reply in confidence with full CV to:  
Ray Selman, Personnel Manager  
Tempo plc  
Unit 1, 161 Kingston Road, New Malden, Surrey KT3 3PQ

**TEMPO**

## Group Management Accountant

To £30,000 + Car + Benefits

f.m.c.g. North West

Our client is a rapidly expanding private group of companies with a turnover approaching £40 million. They are a f.m.c.g. organisation manufacturing and selling chemically engineered products, many of which are brand leaders.

To further professionalise their accounting operation our client is looking for an experienced young accountant aged 27-35 with at least 3 years "hands on" experience in a senior position. The Group Management Accountant will report directly to the Finance Director on all aspects of the Manufacturing Costs of the Group, including the control of Product Costings. The successful candidate would work closely with Senior Production personnel and would be expected to develop with them Factory Accountability and Variance reporting. This is an excellent opportunity for a committed practical accountant. Good systems and communication skills are also necessary for the maximum potential of this new position to be achieved. An excellent remuneration package will be available together with relocation assistance where necessary. Please send full personal and career details in confidence to Ref: M201.

Austin Knight

Shirley Knight, 100 King Street, Manchester, M2 4WD

## Head of Finance

c.£50,000 + Bonus  
+ Car

Cambridgeshire

This is a very high profile service organisation, internationally recognised, with global operations to match the requirements of its multinational customer base. They now wish to appoint a Head of Finance to the UK Division, itself a substantial and profitable business with a large infrastructure, which is market leader.

The Head of Finance will report to the Managing Director and will be expected to become quickly involved in running the business including determining its direction and contributing to strategy and tactics. The ability to rapidly develop and articulate views on business and product profitability issues is important. There is a well balanced support staff of 60 to lead and develop, many of whom are ambitious young professionals. The management style requires a confident team player who will combine effectively at peer group level and communicate in a concise unambiguous manner.

Candidates should be graduate accountants with at least 7 years post qualification experience, preferably gained in one or two medium to large companies. Comprehensive knowledge of both management and financial accounting is essential together with substantial IT, computing and PC experience. The Group will be looking for the personal stature, ambition, energy and managerial finesse to progress well beyond the immediate job.

Age guideline - mid 30s. There is a generous relocation package available.

Please apply in confidence quoting Ref L462 to:

Brian H Mason  
Mason & Nurse Associates  
1 Lancaster Place, Strand  
London WC2E 7EB  
Tel: 071-240 7805

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## FINANCIAL MANAGER

A multi-national company involved in International Trade, Business Development and Consulting require a Finance Manager for their Middle East and African operations. The position will involve monitoring Documentary Credit Transactions, Funds Management, Supervising of Expenditure Control and promotion of UK exports. The person appointed to this senior position will be expected to have not less than ten years directly relevant experience and detailed knowledge of the business practices of the regions involved. Fluency in English and Arabic is essential.

Please apply in writing to Box A290 Financial Times,  
One Southwark Bridge, London SE1 9HL

## Financial Controller & Company Secretary

Yorkshire

To £35,000 + car

Design innovation, investment and success in export markets are the key features of our client... a recognised market leader in the volume manufacture of high quality worsted cloth.

This is a wide ranging and influential role which offers considerable scope for personal development. As a member of the executive management team, your responsibilities will encompass financial and management accounting, credit control, the IT function and, in addition, the company secretarial role.

Aged 30-plus, you will be educated to degree level and be a qualified accountant. Your career to date will span both financial and management accounting -

preferably, but not necessarily, in a manufacturing context. Previous experience of the company secretarial function will be an asset. This is essentially a 'hands on' position, thus good communication skills are a specific requirement.

Salary, for discussion as indicated; the comprehensive benefits package includes assistance with relocation expenses, where appropriate.

Please write with full details - in strict confidence - no information will be disclosed to our client without your express approval. A. L. Brown, Ref 62208, MSL International (UK) Limited, Ebor Court, Westgate, Leeds LS1 4ND.

**MSL International**

## Group Treasurer

International Chemicals  
Manufacturer

North West,

c £35,000, Car

**Hoggett Bowers**

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR AND EUROPE

This rapidly expanding and acquisitive UK based international chemical manufacturer, whose current turnover exceeds £150m, now seeks to strengthen its group financial operation.

Reporting to the Group Finance Director, your brief will be to set up and manage the treasury function in respect of banking, foreign exchange, currency flow and taxation. Once fully established, you will also be involved in a number of assignments related to potential acquisitions, post acquisitional control, group working capital requirements and capital projects audit.

Aged 30+, you are likely to be an FCA with significant treasury and international currency experience whilst possessing a broad financial outlook. Acquisition experience would be an advantage.

The role will be demanding and will involve a significant amount of overseas travel. The successful candidate will show a mature approach, be an excellent communicator at all levels and be able to work on his/her own initiative in a rapidly changing environment. The rewards and benefits package is excellent as is the potential for progression.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, J. Bewley, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF. 061-832 3500, Fax: 061-834 8577, quoting Ref: M11005/FT.

## European Financial Manager

Berkshire

c£30,000 + Car

Our client is the leading direct-response marketer of data communication products and computer accessories in the United States, Europe, and the Far East. With a turnover of \$350 million, they sustain their market position by supplying a quality product supported by dynamic management.

Reporting to the European Financial Controller, the successful candidate will manage the European Headquarters Financial Accounting Group. A varied role, the primary function of which will be to take overall responsibility for prioritisation of the financial demands on the group, including:- implementation of European mainframe accounting software; ensuring timely and accurate reporting to

the USA; financial policy appraisal and development; and management of a highly-motivated team.

The ideal candidate will be a qualified accountant, have international reporting experience and an exposure to computer accounting applications. Planning, analytical and creative skills are prerequisites - a dynamic approach and strong interpersonal skills are essential.

If you feel that you can bring an early contribution to the role, please send your CV to Tina Shortman, Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW.

**Michael Page Finance**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## Finance Director

West London

c£45,000 + car + bonus

Our client operates within a highly competitive, dynamic niche sector. Currently supplying a mainly domestic market, the company has impressive plans for future growth.

To remain at the leading edge, they seek to appoint a commercially minded Finance Director who will work closely with non accounting disciplines and negotiate with third parties to the best advantage of the company. Technical competence will be assumed. Much more important is the ability to analyse, interpret and act on information from a business perspective.

The candidate we seek will be a qualified

accountant, aged 32-38 who can demonstrate lateral thinking, problem solving abilities, decisiveness and strength of character within a similarly demanding environment such as retail. Management and development of a small accounts department together with good teamwork and a hands-on approach are also important aspects of this role.

Interested applicants should contact Diane Forrester ACA, quoting reference 1103 at Michael Page Finance,

**MP**

**Michael Page Finance**

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## TREASURER

£35,000 pa + car

A multi-national Private Group (turnover £50m+) requires a Treasurer to develop its currency activities and to centralise and control its cash and investment management. The Group, based in Kent, trades in all major world currencies and is active primarily in the electronics market. Reporting to the Group's Financial Director, you will not only be required to head the Treasury Department but also to build cost-effective and dynamic relationships with Financial Institutions. In addition you will have the interpersonal skills to develop a detailed knowledge of the Group's Subsidiary Companies such that you are able to contribute to the overall financial management of the Group.

If interested please reply to Box A293, Financial Times,  
One Southwark Bridge, London SE1 9HL.



